



//KHARA HAIS MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended
30 JUNE 2013

Annual Financial Statements For the Year Ended 30 June 2013

NATURE OF BUSINESS

COUNTRY OF ORIGIN AND LEGAL FORM

JURISDICTION

Karos
Lambrechtsdrift
Sesbrugge

[illegible]

Willem JB Engelbrecht

Gaylene Mercia Schreiner

//KHARA HAIS MUNICIPALITY

Annual Financial Statements For the Year Ended 30 June 2013

GENERAL INFORMATION

GRADING OF LOCAL AUTHORITY:

Grade 4

AUDITORS:

Auditor-General (Northern Cape)

PRIMARY BANKERS:

ABSA Bank Ltd

RELEVANT LEGISLATION:

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

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Annual Financial Statements For the Year Ended 30 June 2013

GENERAL INFORMATION

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 76, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 26 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager

Date signed

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Annual Financial Statements For the Year Ended 30 June 2013

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// KHARA HAIS MUNICIPALITY STATEMENT OF FINANCIAL POSITION at 30 June 2013

	Note	2013 Original R	2012 Restated R
ASSETS			
Non-current assets		1 812 936 600	1 827 115 539
Property, plant and equipment	1.1	1 591 607 226	1 606 894 272
Intangible assets	1.2	1 255 222	1 700 451
Investment Property	1.3	215 772 450	214 245 950
Heritage Assets	1.4	4 273 004	4 273 004
Non-current receivables	2	28 698	1 863
Current assets		86 397 330	65 028 285
Inventory	3	6 051 085	6 211 349
Trade receivables from exchange transactions	4	43 844 148	36 465 930
Trade receivables from non-exchange transactions	4	3 690 956	3 545 658
Other receivables	5	4 346 927	6 516 338
Unpaid conditional grants and receipts	6	6 018 615	4 274 820
Short term investments	7	3 114 310	2 625 353
Cash and cash equivalents	8	19 325 026	5 369 250
Current portion of receivables	2	6 263	19 587
TOTAL ASSETS		1 899 333 931	1 892 143 824
NET ASSETS AND LIABILITIES			
Non-current liabilities		211 427 376	153 478 052
Non-current borrowings	9	131 067 513	80 513 890
Trust accounts	10	3 114 310	2 625 352
Employee Benefits	11	77 245 553	70 338 809
Non-current Provisions	12	-	-
Current liabilities		148 733 971	127 284 373
Current portion of borrowings	9	14 367 491	11 713 725
Consumer deposits	13	7 404 111	6 139 010
Current Employee Benefits	14	3 072 307	3 119 256
Provisions	15	2 046 010	2 010 108
Trade and other payables	16	63 680 891	61 771 573
Unspent conditional grants and receipts	17	37 306 903	31 179 344
VAT payable	18	3 206 251	1 053 441
Bank Overdraft	19	17 650 007	10 297 917
Net assets		1 539 172 584	1 611 381 399
Accumulated surplus / (deficit)	20	1 539 172 584	1 611 381 399
TOTAL NET ASSETS AND LIABILITIES		1 899 333 931	1 892 143 824

//KHARA HAIS MUNICIPALITY



//KHARA HAIS MUNICIPALITY STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2013

	Note	2013 Original R	2012 Restated R
Revenue			
Property rates	21	50 437 490	43 340 022
Service charges	22	285 279 691	249 508 566
Rental of facilities and equipment		6 273 458	6 370 646
Interest earned - external investments		1 405 985	975 176
Interest earned - outstanding receivables		1 778 870	2 344 500
Fines		1 584 260	1 520 877
Actuarial Gain	11.1	819 298	-
Fair Value Adjustment		1 326 500	6 763 500
Licences and permits		1 681 009	1 732 037
Income for agency service		3 197 612	3 245 304
Income for housing agency service		563 498	1 600 000
Employee housing		102 182	90 573
Government grants and subsidies - Operating	23	64 139 164	53 609 775
Government grants and subsidies - Capital	23	40 221 124	14 841 291
Other income	24	5 796 578	3 216 325
		464 606 720	389 158 592
Less: Revenue forgone		(2 051 025)	(2 098 375)
TOTAL REVENUE		462 555 695	387 060 217
Expenses			
Employee related costs	25	180 514 748	157 264 181
Remuneration of councillors	26	6 803 942	6 531 083
Contributions to provisions - Bad debts	27.1	6 401 289	1 729 546
Contributions to provisions - Other	27.2	10 252 146	25 504 788
Actuarial Loss	11.2	242 489	2 420 653
Collection cost		196 075	193 550
Depreciation and amortisation expense	28	85 266 847	78 364 335
Impairment Losses	28	760 922	912 347
Repairs and maintenance	29	12 739 043	10 655 133
Finance costs	30	13 984 786	9 316 755
Bulk purchases	31	123 766 349	106 177 835
Contracted services	32	15 961 859	10 209 044
Grants and subsidies paid	33	639 375	917 343
Operating projects	34	983 122	506 857
General expenses	35	77 371 125	72 812 268
		535 884 116	483 515 715
TOTAL EXPENSES		535 884 116	483 515 715
Gain / (loss) on sale of assets		1 119 606	(557)
SURPLUS / (DEFICIT) FOR THE YEAR		(72 208 815)	(96 456 055)

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Statement of Changes in Net Assets for the Year Ended 30 June 2013

	Revaluation Reserve	Accumulated Surplus / (Deficit)	Total
	R	R	R
2012			
Balance at 1 July 2011	-	2 168 595 065	2 168 595 065
Correction of Error (Prior Year)	-	-	-
Restated Balance	-	2 168 595 065	2 168 595 065
Other Transfers	-	(50 845)	(50 845)
Surplus / (Deficit) for the Year - refer to note 38.16	-	(96 456 055)	(96 456 055)
Balance at 30 June 2012	-	2 072 088 166	2 072 088 166
Surplus / (Deficit) for the Year - refer to note 38.16	-	(460 706 766)	(460 706 766)
Restated Balance 30 June 2012	-	1 611 381 400	1 611 381 399
Other Transfers	-	-	-
Surplus / (Deficit) for the Year	-	(72 208 815)	(72 208 815)
Balance at 30 June 2013	-	1 539 172 585	1 539 172 584

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Cash Flow Statement for the Year Ended 30 June 2013

	Note	2013 R	2012 R
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts			
Ratepayers and other		347 645 934	324 996 712
Government - operating	23	64 139 164	53 609 775
Government - capital	23	40 221 124	14 841 291
Interest		3 184 856	3 319 676
Payments			
Suppliers and employees		(419 046 320)	(372 817 645)
Transfers and Grants	33	(639 375)	(917 343)
Finance charges	30	(13 984 786)	(9 316 755)
Net Cash flow from operating activities		21 520 596	13 715 711
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Purchase of Property, Plant and Equipment		(70 018 317)	(41 947 070)
(Loss) / Proceeds on Disposal of Property, Plant and Equipment		1 119 606	(557)
Purchase of Intangible assets		(460 218)	(570 669)
Purchase of Investment Property		(200 000)	-
Disposal of PPE		183 041	-
Decrease / (Increase) in Call Investment Deposits		(488 957)	3 137 778
Decrease / (Increase) in Non-Current Receivables		(13 511)	4 273
Increase / (Decrease) in Trust Accounts		488 957	(22 292)
Net Cash From Investing Activities		(69 389 400)	(39 398 536)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Loans Repaid		(12 416 937)	(8 058 023)
New Loans Raised		65 624 326	23 464 621
Increase / (Decrease) in Consumer Deposits		1 265 101	415 303
Net Cash From Financing Activities		54 472 490	15 821 901
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS FROM ACTIVITIES		6 603 686	(9 860 925)
Cash and cash equivalents at the beginning of the year		(4 928 667)	4 932 258
Cash and cash equivalents at the end of the year	36.2	1 675 019	(4 928 667)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		6 603 686	(9 860 925)

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**//KHARA HAIS MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION
at 30 June 2013**

	2013 Original Approved Budget R	2013 Adjustments R	2013 Final Approved Budget R	2013 Final Year-End Budget R	2013 Actuals R	2013 Variance R	Explanations for material variances
ASSETS							
Current Assets							
Cash	5 660	-	5 660	5 660	5 840	180	Additional float for new libraries
Call investment deposits	22 738 076	(1 905 000)	20 833 076	20 833 076	22 433 496	1 600 420	
Consumer debtors	22 167 375	2 500 000	24 667 375	24 667 375	47 535 104	22 867 729	Trouble experience with implementation of Credit Control Policy
Other debtors	3 715 362	-	3 715 362	3 715 362	10 365 542	6 650 180	Transfer of unpaid grants from unspent grants was not budgeted for
Current portion of long-term receivables	-	-	-	-	6 263	6 263	Amount as per repayment schedule
Inventory	3 784 638	-	3 784 638	3 784 638	6 051 085	2 266 447	Inventory held for unfinished projects
Total Current Assets	52 411 111	595 000	53 006 111	53 006 111	86 397 330	33 391 219	
Non Current Assets							
Long-term receivables	-	-	-	-	28 698	28 698	As per repayment schedule
Investment property	182 357 250	-	182 357 250	182 357 250	215 772 450	33 415 200	Restatement of asset register
Property, plant and equipment	2 259 166 637	(131 044 361)	2 128 122 276	2 128 122 276	1 595 880 230	(532 242 046)	Restatement of asset register
Intangible	2 651 617	439 919	3 091 536	3 091 536	1 255 222	(1 836 314)	Amortisation of Intangibles budgeted for at PPE
Total Non Current Assets	2 444 175 503	(130 604 442)	2 313 571 062	2 313 571 062	1 812 936 601	(500 634 461)	
TOTAL ASSETS	2 496 586 615	(130 009 442)	2 366 577 173	2 366 577 173	1 899 333 931	(467 243 242)	
LIABILITIES							
Current Liabilities							
Bank overdraft	-	-	-	-	17 650 007	17 650 007	Debtors not recovered resulted in cash flow problems
Borrowing	18 000 000	1 000 000	19 000 000	19 000 000	14 367 491	(4 632 509)	Loans budgeted for not materialised
Consumer deposits	10 958 076	(1 000 000)	9 958 076	9 958 076	7 404 111	(2 553 965)	Increase in prepaid connections therefore less consumer deposits
Trade and other payables	50 431 515	20 308 863	70 740 378	70 740 378	104 194 045	33 453 667	Debtors not recovered resulted in cash flow problems and
Provisions	9 780 000	(4 780 000)	5 000 000	5 000 000	5 118 317	118 317	creditors not being paid
Total Current Liabilities	89 169 591	15 528 862	104 698 454	104 698 454	148 733 971	44 035 517	
Non Current Liabilities							
Borrowing	153 642 614	57 622 070	211 264 684	211 264 684	131 067 513	(80 197 171)	Loans budgeted for not materialised
Provisions	44 672 160	10 640 195	55 312 355	55 312 355	80 359 863	25 047 508	Restatement of 2011/2012 and increase in leave accruals
Total Non Current Liabilities	198 314 774	68 262 265	266 577 039	266 577 039	211 427 376	(55 149 663)	
TOTAL LIABILITIES	287 484 365	83 791 127	371 275 493	371 275 493	360 161 347	(11 114 146)	
NET ASSETS	2 209 102 249	(213 800 569)	1 995 301 680	1 995 301 680	1 539 172 584	(456 129 096)	
COMMUNITY WEALTH / EQUITY							
Accumulated Surplus	2 209 102 249	(213 800 569)	1 995 301 680	1 995 301 680	1 539 172 584	(456 129 097)	
TOTAL COMMUNITY WEALTH / EQUITY	2 209 102 249	(213 800 569)	1 995 301 680	1 995 301 680	1 539 172 584	(456 129 097)	

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**//KHARA HAIS MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2013**

	2013 Actual R	2013 Final Budget R	2013 Variance R	Explanations for material variances
REVENUE BY SOURCE				
Property rates	48 386 465	48 768 898	(382 433)	
Service charges	285 279 691	287 691 414	(2 411 723)	
Rental of facilities and equipment	6 273 458	6 519 303	(245 845)	
Interest earned - external investments	1 405 985	1 234 619	171 366	Additional Trust accounts opened
Interest earned - outstanding receivables	1 778 870	1 597 258	181 612	Increase in debtors resulted in additional interest levied
Fines	1 584 260	1 938 450	(354 190)	Contract with service provider expired during the year
Licences and permits	1 681 009	1 564 808	116 201	
Agency services	3 197 612	3 280 000	(82 388)	
Transfers recognised - operating	68 461 580	70 663 566	(2 201 986)	
Other revenue	8 044 558	3 296 955	4 747 603	Unspent not utilised recognised as income
Gains on disposal of PPE	1 119 606	1 430 000	(310 394)	Sale of erven not materialised
Total Operating Revenue	427 213 095	427 985 271	(772 176)	
EXPENDITURE BY TYPE				
Employee related costs	180 514 748	180 971 898	(457 150)	
Remuneration of councillors	6 803 942	6 714 336	89 606	
Debt impairment	6 401 289	540 000	5 861 289	Significant increase in debtors
Depreciation and asset impairment	86 027 769	115 411 531	(29 383 762)	Restatement of asset register
Finance Charges	13 984 786	13 267 610	717 176	
Bulk purchases	123 766 349	120 611 267	3 155 082	
Contracted services	15 961 859	17 453 923	(1 492 064)	
Transfers and grants	639 375	639 700	(325)	
Other expenditure	102 437 006	95 009 350	7 427 656	
Loss on disposal of PPE	-	-	-	
Total Operating Expenditure	536 537 122	550 619 615	(14 082 493)	
Operating (Deficit) for the year	(109 324 026)	(122 634 344)	13 310 318	
Transfers Recognised - Capital	37 115 212	72 676 707	(35 561 495)	Capital projects not completed
(DEFICIT) FOR THE YEAR	(72 208 815)	(49 957 637)	-22 251 177.80	

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**//KHARA HAIS MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2013**

	2013 Original Approved Budget R	2013 Adjustments R	2013 Final Approved Budget R	2013 Final Virements R	2013 Final Year-End Budget R
REVENUE BY SOURCE					
Property rates	48 654 004	114 894	48 768 898	0	48 768 898
Service charges	284 995 712	2 695 702	287 691 414	(0)	287 691 414
Rental of facilities and equipment	6 192 324	326 979	6 519 303	(0)	6 519 303
Interest earned - external investments	1 512 211	(277 592)	1 234 619	0	1 234 619
Interest earned - outstanding receivables	2 902 346	(1 305 088)	1 597 258	0	1 597 258
Fines	1 610 722	327 728	1 938 450	-	1 938 450
Licences and permits	1 669 278	(104 470)	1 564 808	-	1 564 808
Agency services	3 414 583	(134 583)	3 280 000	-	3 280 000
Transfers recognised - operating	66 550 567	3 910 222	70 460 789	202 777	70 663 566
Other revenue	2 750 821	1 357 133	4 107 954	(810 999)	3 296 955
Gains on disposal of PPE	-	600 000	600 000	830 000	1 430 000
Total Operating Revenue	420 252 568	7 510 925	427 763 493	221 778	427 985 271
EXPENDITURE BY TYPE					
Employee related costs	170 072 914	10 898 982	180 971 896	2	180 971 898
Remuneration of councillors	7 302 588	(588 252)	6 714 336	-	6 714 336
Debt impairment	540 000	-	540 000	-	540 000
Depreciation and asset impairment	14 427 849	100 983 682	115 411 531	(0)	115 411 531
Finance Charges	12 740 316	527 294	13 267 610	0	13 267 610
Bulk purchases	116 901 127	3 710 140	120 611 267	-	120 611 267
Contracted services	10 485 069	6 871 917	17 356 986	96 937	17 453 923
Transfers and grants	466 102	24 498	490 600	149 100	639 700
Other expenditure	85 760 856	9 272 754	95 033 610	(24 260)	95 009 350
Loss on disposal of PPE	-	-	-	-	-
Total Operating Expenditure	418 696 821	131 701 015	550 397 836	221 779	550 619 615
Operating (Deficit) for the year	1 555 747	(124 190 090)	(122 634 343)	(1)	(122 634 344)
Transfers Recognised - Capital	34 559 946	26 215 440	60 775 386	11 901 321	72 676 707
(DEFICIT) FOR THE YEAR	36 115 693	(97 974 650)	(61 858 957)	11 901 320	(49 957 637)

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**//KHARA HAIS MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASHFLOW STATEMENT
for the year ended 30 June 2013**



	2013 Original Approved Budget R	2013 Adjustments R	2013 Final Approved Budget R	2013 Final Year-End Budget R	2013 Actuals R	2013 Variance R	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Ratepayers and other	345 187 444	4 583 384	349 770 828	348 887 150	347 645 934	(1 241 216)	
Government - operating	66 550 567	3 910 222	70 460 789	70 663 566	64 139 164	(6 524 402)	
Government - capital	34 559 946	26 215 440	60 775 386	72 676 707	40 221 124	(32 455 583)	Capital projects not completed Additional trust accounts and increase in debtors resulted in additional interest levied
Interest	4 414 557	(1 582 681)	2 831 876	2 831 877	3 184 856	352 979	
Payments							
Suppliers and employees	(387 226 573)	(2 626 793)	(389 853 366)	(389 853 366)	(419 046 320)	(29 192 954)	
Finance charges	(12 740 316)	(527 294)	(13 267 610)	(13 267 610)	(13 984 786)	(717 176)	
Transfers and grants	(466 102)	(24 498)	(490 600)	(639 700)	(639 375)	325	
NET CASH FROM / (USED) OPERATING ACTIVITIES	50 279 523	29 947 780	80 227 303	91 298 624	21 520 596	(69 778 027)	
CASH FLOW FROM INVESTING ACTIVITIES							
Receipts							
Proceeds on disposal of PPE	-	600 000	600 000	1 430 000	1 119 606	(310 394)	
Decrease / (Increase) in non-current debtors	-	-	-	-	-	-	
Decrease / (Increase) in non-current receivables	-	-	-	-	(13 511)	(13 511)	
Decrease / (Increase) in non-current investments	(1 000 000)	-	(1 000 000)	(1 000 000)	(488 957)	511 043	
Payments							
Capital assets	(81 027 579)	(63 497 507)	(144 525 086)	(156 426 407)	(70 495 495)	85 930 912	Capital projects not completed
NET CASH FROM / (USED) INVESTING ACTIVITIES	(82 027 579)	(62 897 507)	(144 925 086)	(155 996 407)	(69 878 357)	86 118 049	
CASH FLOW FROM FINANCING ACTIVITIES							
Receipts							
Increase (Decrease) in Trust Funds	(300 000)	-	(300 000)	(300 000)	488 957	788 957	Additional trust funds for deceased employees
Borrowing long term / financing	42 467 633	35 795 141	78 262 774	78 262 774	65 624 326	(12 638 448)	Loans budgeted for not materialised Increase in prepaid connections therefore less consumer deposits
Increase (decrease) in consumer deposits	2 958 076	-	2 958 076	2 958 076	1 265 101	(1 692 975)	
Payments							
Repayment of borrowing	(8 000 000)	(2 845 413)	(10 845 413)	(10 845 413)	(12 416 937)	(1 571 523)	Loans budgeted for not materialised
NET CASH FROM / (USED) FINANCING ACTIVITIES	37 125 709	32 949 727	70 075 437	70 075 437	54 961 447	(15 113 989)	
NET INCREASE / (DECREASE) IN CASH HELD	5 377 653	-	5 377 653	5 377 653	6 603 686	1 226 033	
Cash / cash equivalents at the year begin:	12 366 083	-	12 366 083	12 366 083	(4 928 667)	(17 294 750)	
Cash / cash equivalents at the year end:	17 743 736	-	17 743 736	17 743 736	1 675 019	(16 068 717)	

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Accounting Policies for the Annual Financial Statements For the Year Ended 30 June 2013

1 BASIS OF PRESENTATION

- 1.1 The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.
- 1.2 These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).
- 1.3 Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised - February 2010) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.
- 1.4 The Municipality resolved the early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 1 (Revised - Mar 2012)	Presentation of Financial Statements	1 April 2013
GRAP 3 (Revised - Mar 2012)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2013
GRAP 9 (Revised - Mar 2012)	Revenue from Exchange Transactions	1 April 2013
GRAP 12 (Revised - Mar 2012)	Inventories	1 April 2013
GRAP 13 (Revised - Mar 2012)	Leases	1 April 2013
GRAP 16 (Revised - Mar 2012)	Investment Properties	1 April 2013
GRAP 17 (Revised - Mar 2012)	Property, Plant and Equipment	1 April 2013
GRAP 25 (Original - Nov 2009)	Employee Benefits	1 April 2013
GRAP 27 (Revised - Mar 2012)	Agriculture	1 April 2013
GRAP 31 (Revised - Mar 2012)	Intangible Assets	1 April 2013
IGRAP 16 (Issued - Mar 2012)	Intangible Assets - Website Costs	1 April 2013

- 1.5 A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.
- 1.6 Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.
- 1.7 The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

1.8 Standards, amendments to Standards and Interpretations issued but not yet effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 6 (Revised - Nov 2010)	<p>Consolidated and Separate Financial Statements</p> <p>The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity.</p> <p>No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated</p>	Unknown
GRAP 7 (Revised - Mar 2012)	<p>Investment in Associate</p> <p>This Standard prescribes the accounting treatment for investments in joint ventures where the investment in the associate leads to the holding of an ownership interest in the form of a shareholding or other form of interest in the net assets.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions.</p>	1 April 2013
GRAP 8 (Revised - Nov 2010)	<p>Interest in Joint Ventures</p> <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p> <p>No significant impact is expected as the Municipality is not involved in any joint ventures.</p>	Unknown
GRAP 18 (Revised - Feb 2011)	<p>Segment Reporting</p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>Information to a large extent is already included in the appendices to the annual financial statements which do not form part of the audited financial statements.</p>	Unknown
GRAP 20	Related Party Disclosure	Unknown

(Original - Jun 2011)	<p>The objective of this interpretation of the Standards is to prescribe which persons qualify as related parties and which information should be disclosed in the AFS.</p> <p>No significant impact is expected as the Municipality already implemented controls to ensure that related party disclosures are met.</p>	
GRAP 105 (Original - Nov 2010)	<p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions.</p>	Unknown
GRAP 106 (Original - Nov 2010)	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities not under common control.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions.</p>	Unknown
GRAP 107 (Original - Nov 2010)	<p>Mergers</p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions.</p>	Unknown
IGRAP 11	<p>Consolidation for special purpose entities</p> <p>The objective of this interpretation of the Standards is to prescribe under what circumstances an entity should consolidated a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	Unknown
IGRAP 12	Jointly Controlled Entities Non-Monetary Contributions	

	<p>The objective of this interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE)</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	
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These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

2 USE OF ESTIMATES AND JUDGEMENTS

- 2.1 The preparation of annual financial statements in conformity with Generally Recognised Accounting Practice (GRAP) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and, actual results may differ from these estimates.
- 2.2 Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period which the estimates are revised and in any future affected.

3 PRESENTATION CURRENCY

- 3.1 Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

4 GOING CONCERN ASSUMPTION

- 4.1 The Municipality is deemed a going concern, following an assessment made by management during the compilation of the annual financial statements.

5 RESERVES

5.1 Revaluation Reserve (Non-Distributable Reserve)

- 5.1.1 The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP standards.
- 5.1.2 All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.
- 5.1.3 All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

6 PROPERTY, PLANT AND EQUIPMENT

6.1 Initial Recognition

- 6.1.2 Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.
- 6.1.3 The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.
- 6.1.4 Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.
- 6.1.5 When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
- 6.1.6 Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.
- 6.1.7 The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.
- 6.1.8 Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

6.2 Subsequent Measurement

- 6.2.1 Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.
- 6.2.2 Subsequently all property plant and equipment, including for Infrastructure Assets, are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.
- 6.2.3 Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.
- 6.2.4 Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

6.3 Depreciation

- 6.3.1 Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Asset Group	Years	Asset Group	Years
Community Assets - Cemeteries	15 - 50	Infrastructural assets	15 - 30
Community Assets - Parks	25 - 30	Other vehicles	4 - 10
Community Assets - Recreational Facilities	10 - 50	Office equipment	3 - 15
Community Assets - Sporting Facilities	25 - 60	Furniture and fittings	5 - 10
Heritage Assets - Buildings	50	Watercraft	15 - 20
Heritage Assets - Land	Indefinite	Bins and containers	10 - 15
Infrastructure - Electricity	20 - 55	Specialised plant and equipment	10 - 15
Infrastructure - Roads, Pavements, Bridges and Storm Water	15 - 100	Other items of plant and equip	2 - 10
Infrastructure - Sanitation	5 - 50	Security	3 - 5
Infrastructure - Sewerage	10 - 80	Buildings	10 - 50
Infrastructure - Water	10 - 75	Specialist vehicles	10 - 15
Land and Buildings - Land	Indefinite	Landfill sites	1 - 50

6.3.2 The above-mentioned estimated useful lives of assets are defined in more detail in Appendix B (Infrastructure Asset Classification) of the Municipality's Asset Management Policy.

6.3.3 Depreciation only commences when the asset is available for use, unless stated otherwise.

6.3.4 The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

6.4 Incomplete Construction Work

6.4.1 Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

6.5 Finance Leases

6.5.1 Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

6.6 Land

6.6.1 Land is not depreciated as it is deemed to have an indefinite useful life.

6.7 Derecognition of Property, Plant and Equipment

6.7.1 The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

6.7.2 The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

6.7.3 Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

7 INTANGIBLE ASSETS

7.1 Initial Recognition

- 7.1.1 Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.
- 7.1.2 Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:
- 7.1.2.1 It is technically feasible to complete the intangible asset so that it will be available for use;
 - 7.1.2.2 Management intends to complete the intangible asset and use or sell it;
 - 7.1.2.3 There is an ability to use or sell the intangible asset;
 - 7.1.2.4 It can be demonstrated how the intangible asset will generate probable future economic benefits;
 - 7.1.2.5 Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
 - 7.1.2.6 The expenditure attributable to the intangible asset during its development can be reliably measured.
- 7.1.3 Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with GRAP 21/ IAS 36.
- 7.1.4 Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

7.2 Subsequent Measurement, Amortisation and Impairment

- 7.2.1 After initial recognition, an intangible asset are carried at its cost less any accumulated amortisation and any accumulated impairment losses.
- 7.2.3 After initial recognition, intangible assets are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. If the intangible asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to the revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same intangible asset previously recognised in surplus or deficit.
- 7.2.4 Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

- 7.2.5 In terms of GRAP 102, intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years, the residual value of assets with finite useful lives is zero, unless an active market exists. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, however such intangible assets are subject to an annual impairment test.
- 7.2.6 Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.
- 7.2.7 The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

7.3 Derecognition

- 7.3.1 Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

8 INVESTMENT PROPERTY

8.1 Initial Recognition

- 8.1.1 Investment property shall be recognised as an asset when, and only when:

- * it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- * cost or fair value of the investment property can be measured reliably.

- 8.1.2 At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost at date of completion.
- 8.1.3 Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.
- 8.1.4 Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:
- 8.1.4.1 All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;

- 8.1.4.2 Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- 8.1.4.3 A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- 8.1.4.4 A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.
- 8.1.5 The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:
 - 8.1.5.1 Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
 - 8.1.5.2 Property being constructed or developed on behalf of third parties;
 - 8.1.5.3 Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
 - 8.1.5.4 Property that is being constructed or developed for future use as investment property;
 - 8.1.5.5 Property that is leased to another entity under a finance lease;
 - 8.1.5.6 Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
 - 8.1.5.7 Property held for strategic purposes or service delivery.

8.2 Subsequent Measurement - Fair Value Model

- 8.2.1 Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

8.3 Derecognition

- 8.3.1 Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

9 Heritage Assets

- 9.1 Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding their estimated useful lives. The Municipality assess at each reporting date if there is an indication of impairment. Subsequent to measurement, heritage assets are carried at cost less impairment losses.

10 IMPAIRMENT OF ASSETS

10.1 Impairment of Cash Generating Assets

- 10.1.1 The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset.
- 10.1.2 If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.
- 10.1.3 The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arms length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

- 10.1.4 The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.
- 10.1.5 If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.
- 10.1.6 An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.
- 10.1.7 An impairment of assets carried at revalued amount in reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- 10.1.8 An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
 - 10.1.8.1 To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.
- 10.1.9 A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.
- 10.1.10 The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.
- 10.1.11 A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

10.2 Impairment of Non-Cash Generating Assets

- 10.2.1 The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.
- 10.2.2 If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.
- 10.2.3 The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.
- 10.2.4 If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.
- 10.2.5 An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.
- 10.2.6 An impairment loss is recognised for non cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
 - 10.2.6.1 To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.
- 10.2.7 A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

10.2.8 The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

10.2.9 A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

11 FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions).

11.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

11.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

11.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payment (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

11.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

11.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

11.3 De-recognition of Financial Instruments

11.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- * the rights to receive cash flows from the asset have expired; or
- * the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the assets, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

11.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

11.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

12 INVENTORIES

- 12.1 Inventories include consumables stores, maintenance materials, spare parts for plant, equipment and land or property held for sale. Cost is determined by the weighted average method and comprises all costs of purchases, cost of development, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are stated at the lower of cost or net realisable value.
- 12.2 When inventories are sold, exchanged or distributed the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when goods are distributed or related service is rendered.
- 12.3 The amount of any write-down of inventories and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any write-down of inventories, arising from an increase in the net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.
- 12.4 Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

13 REVENUE RECOGNITION

13.1 Revenue from Exchange Transactions

- 13.1.1 Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.
- 13.1.2 Service charges relating to electricity and water are based on consumption and a basic charge as per Council Resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.
- 13.1.3 Revenue from the sale of pre-paid electricity and pre-paid water sales are recognised at point of sale and not when prepaid electricity is consumed.

- 13.1.4 Service charges from sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property as set out in the approved Tariff List.
- 13.1.5 Interest and rentals are recognised on a time proportion basis.
- 13.1.6 Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.
- 13.1.7 Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant approved tariff. This includes the issuing of licences and permits.
- 13.1.8 Revenue from the sale of goods is recognised when the risk is passed to the consumer.
- 13.1.9 Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

13.2 Revenue from Non-Exchange Transactions

- 13.2.1 Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.
- 13.2.2 Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.
- 13.2.3 Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.
- 13.2.4 Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.
- 13.2.5 Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.
- 13.2.6 All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of 36 months. This assessment is performed annually at 30 June. The Municipality keep record of these unclaimed deposits for three years in the event that a party should submit a claim.

14 CONDITIONAL GRANTS AND RECEIPTS

14.1 Unspent Conditional Government Grants and Receipts

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

The liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- * Unspent conditional grants are recognised as a liability when the grant is received.
- * When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- * The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- * Interest earned on the investment is treated accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

14.2 Unpaid Conditional Government Grants and Receipts

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grant is receivable:

- * Unpaid conditional grants are recognised as an asset when the grant is receivable.

14.3 Unspent Public Contributions

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- * Unspent public contributions are recognised as a liability when the grant is received.
- * When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- * The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- * Interest earned on the investment is treated accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

15 PROVISIONS

- 15.1 Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).
- 15.2 The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

- 15.3 Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring the provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.
- 15.4 A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:
- 15.4.1 The Municipality has a detailed formal plan for the restructuring identifying at least:
- * the business or part of business concerned;
 - * the principal locations affected;
 - * the location, function and approximate number of employees who will be compensated for termination of services
 - * the expenditures that will be undertaken; and
 - * when the plan will be implemented.
- 15.4.2 The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.
- 15.5 The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.
- 15.6 If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be derecognised.

16 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The amount of borrowing costs that the Municipality capitalises during the period shall not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

17 UNAUTHORISED EXPENDITURE

- 17.1 Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18 IRREGULAR EXPENDITURE

- 18.1 Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

19 FRUITLESS AND WASTEFUL EXPENDITURE

- 19.1 Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

20 COMPARATIVE INFORMATION

20.1 Budget comparatives:

- 20.1.1 The presentation of budget information was prepared in accordance with the requirements of GRAP 24 as well as the formats contained in the Municipal Budget Reporting Regulations. The presentation of budget information is in line with the basis of accounting per the GRAP Framework.

20.2 Prior year comparatives:

- 20.2.1 When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

21 LEASES

21.1 The Municipality as Lessee

- 21.1.1 Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.
- 21.1.2 Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.
- 21.1.3 Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-line expenses and actual payments made will give rise to a liability. The Municipality shall recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative on the time pattern of the lessee's benefit from the use of the leased asset.

21.2 The Municipality as Lessor

- 21.2.1 Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rebate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

- 21.2.2 Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-line revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

22 EMPLOYEE BENEFITS

22.1 Post Retirement Medical Obligations

- 22.1.1 The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. After retirement Council pays 70% as contribution and the remaining 30% are paid by the retired members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 - Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.
- 22.1.2 These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.
- 22.1.3 Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

22.2 Long Service Awards

- 22.2.1 Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.
- 22.2.2 Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

22.3 Provision for Staff Leave

22.3.1 Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

22.3.2 Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

22.3.3 Accumulated leave is vesting.

22.4 Performance Bonuses

22.4.1 A provision, in respect of a liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees.

22.5 Pension and retirement fund obligations

22.5.1 The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

23 TRUST ACCOUNTS

Employee benefit trust accounts are kept in trust for beneficiaries of deceased employees. These amounts are invested in separate investment accounts and utilised in terms of the stipulations of the Curator of the Estate.

24 INTERNAL FINANCING OF PROPERTY, PLANT AND EQUIPMENT

24.1 In order to finance the provision of infrastructure and other items of property, plant and equipment, amounts are provided from cash surpluses generated and transferred to the Capital Replacement Reserve (CRR).

25 CONTINGENT LIABILITIES

25.1 A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured within sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

26 CONTINGENT ASSET

- 26.1 A contingent asset is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset could also be a present obligation that arises from past events, but is not recognised because it is not probable that an inflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured within sufficient reliability.

Management judgement is required when recognising and measuring contingent assets.

27 COMMITMENTS

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

28 RELATED PARTIES

- 28.1 Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel of the municipality are those persons, directly and indirectly, having authority and responsibility for planning, directing and controlling the activities of the Municipality. Key management is defined as the Municipal Manager, Chief Financial Officer and all other Section 57 managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.
- 28.2 Any services rendered to and payments made to key management personnel and councillors other than their monthly remuneration will be disclosed appropriate.

29 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

29.1 Post retirement medical obligations and Long service awards

- 29.1.1 The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in the note 11 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

29.2 Impairment of Receivables

- 29.2.1 The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due. This was performed per identifiable are categories across all debtors.

29.3 Property, Plant and Equipment

- 29.3.1 The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at the time.

29.3.2 Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment.

* The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.

* Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.

* The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

* cost of item with a similar nature currently in the Municipality's asset register;

* cost of items with similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other Municipality's asset register is considered to be accurate;

* cost as supplied by suppliers.

For deemed cost applied to land and building as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of assets.

29.4 Intangible Assets

29.4.1 The useful live of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

29.4.2 Management referred to the following when making assumptions regarding useful lives of intangible assets:

* Reference was made to intangibles used within the Municipality and other municipalities to determine the useful lives of the assets.

29.5 Investment Property

29.5.1 The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

29.5.2 Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

* The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.

* The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

29.6 Provision and Contingent Liabilities

- 29.6.1 Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

29.7 Revenue Recognition

- 29.7.1 Accounting Policy 13.1 on Revenue from Exchange Transactions and Accounting Policy 13.2 on Revenue from Non-Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.
- 29.7.2 In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised when payment is received. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

29.8 Provision for Landfill Sites

- 29.8.1 The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligation relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.
- 29.8.2 Management referred to the following when making assumptions regarding provisions:
- * Professional engineers where utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
 - * Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

29.9 Provision for Staff Leave

- 29.9.1 Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

29.10 Provision for Performance Bonuses

- 29.10.1 The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

29.11 Componentisation of Infrastructure Assets

- 29.11.1 All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to date of initially adopting the standard of GRAP.

30 VALUE ADDED TAX

- 30.1 Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

1.1 PROPERTY, PLANT AND EQUIPMENT

30 June 2013	Land and Buildings R	Infrastructure R	Community R	Heritage R	Other R	Total R
Reconciliation of Carrying Value						
Carrying Values at 1 July 2012	163 474 997	1 349 527 571	48 902 187	-	44 989 516	1 606 894 272
Cost	181 070 007	1 594 017 172	58 400 365	-	64 786 926	1 898 274 470
Accumulated Depreciation	(17 595 010)	(244 489 601)	(9 498 178)	-	(19 797 410)	(291 380 198)
Acquisitions	2 577 774	25 518 658	7 480 694	-	7 468 528	43 045 654
Capital Under Construction	3 270 214	19 013 560	4 688 889	-	-	26 972 663
Capital Under Construction 2011/2012		-	-			
Depreciation	(4 509 888)	(62 639 860)	(2 722 956)	-	(14 488 696)	(84 361 399)
Carrying Values of disposals	-	-	-	-	(183 041)	(183 041)
Cost	-	-	-	-	(462 134)	(462 134)
Accumulated Depreciation	-	-	-	-	279 093	279 093
Impairment loss	-	(296 558)	(464 364)	-	-	(760 922)
Carrying Values at 30 June 2013	164 813 098	1 331 123 371	57 884 449	-	37 786 308	1 591 607 226
Cost	186 917 996	1 638 549 390	70 569 947	-	71 793 320	1 967 830 653
Accumulated Depreciation	(22 104 898)	(307 426 019)	(12 685 498)	-	(34 007 012)	(376 223 427)

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Notes to the Financial Statements for the Year Ended 30 June 2013

1.1 PROPERTY, PLANT AND EQUIPMENT

30 June 2012	Land and Buildings R	Infrastructure R	Community	Heritage R	Other R	Total R
Reconciliation of Carrying Value						
Carrying Values at 1 July 2011	166 719 486	1 391 878 055	48 756 676	-	35 906 328	1 643 260 545
Cost	179 849 696	1 574 477 115	55 824 975	-	46 175 614	1 856 327 400
Balance Previously Reported	237 710 307	2 710 148 675	84 165 352	4 273 000	55 825 399	3 092 122 733
Correction of Error - refer to note 38.11	(67 650 256)	(1 135 671 560)	(28 340 377)	-	139 859	(1 231 522 334)
Transferred	9 789 645				(9 789 645)	-
Change in Accounting Policy - refer to note 37.1				(4 273 000)		(4 273 000)
Accumulated Depreciation	(13 130 210)	(182 599 060)	(7 068 299)	-	(10 269 286)	(213 066 854)
Balance Previously Reported	(16 657 287)	(925 542 034)	(21 970 598)	-	(11 140 133)	(975 310 053)
Correction of Error - refer to note 38.11	4 387 423	742 942 974	14 902 299		10 502	762 243 199
Transferred	(860 346)				860 346	-
Acquisitions	229 439	2 959 292	318 103	-	18 611 312	22 118 146
Balance Previously Reported	-	-	-	-	18 573 080	18 573 080
Correction of Error - refer to note 38.11	-	-	-	-		-
Transferred from/to Under Construction	229 439	2 959 292	318 103		38 232	3 545 066
Transferred between Additions	-	-	-	-	-	-
Capital Under Construction	990 872	16 580 765	2 257 287	-	-	19 828 924
Balance Previously Reported	1 100 187	19 388 277	2 570 795	-	507 256	23 566 515
Correction of Error - refer to note 38.11	(15 312)	(162 041)	(15 172)			(192 525)
Capital Under Construction 2010/2011	-	-	-	-	-	-
Transferred from/to Additions	(128 689)	(2 645 471)	(263 650)	-	(507 256)	(3 545 066)
Transferred between Under Construction	34 686		(34 686)		-	-
Depreciation	(4 464 800)	(61 762 379)	(2 418 850)	-	(8 754 968)	(77 400 998)
Balance Previously Reported	(6 291 030)	(90 815 498)	(2 935 839)	-	(9 410 859)	(109 453 226)
Correction of Error - refer to note 38.11	2 222 896	29 053 119	516 989	-	259 225	32 052 229
Transferred	(396 666)				396 666	-

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

1.1 PROPERTY, PLANT AND EQUIPMENT

Impairment loss	-	(128 162)	(11 029)	-	(773 156)	(912 347)
Balance Previously Reported	-	-	-	-	(773 156)	(773 156)
Correction of Error - refer to note 38.11	-	(128 162)	(11 029)	-	-	(139 190)
Carrying Values at 30 June 2012	163 474 997	1 349 527 571	48 902 187	-	44 989 516	1 606 894 272
Cost	181 070 007	1 594 017 172	58 400 365	-	64 786 926	1 898 274 470
Accumulated Depreciation	(17 595 010)	(244 489 601)	(9 498 178)	-	(19 797 410)	(291 380 198)

Property, Plant and Equipment have been restated to correctly classify amounts held for Heritage Assets in terms of GRAP 103, previously included in Property, Plant and Equipment. Refer to note 38.1 on "Change in Accounting Policy" for details on the restatement."

There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the Municipality.

The Municipality did not pledge any of its assets as security.

Impairment Losses on Property, Plant and Equipment to the amount of R 760 922 (2012: R 912 347) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in note 28

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
1.2	INTANGIBLE ASSETS		
	Carrying value as at 1 July	1 700 451	2 093 119
	Cost	5 250 158	4 679 490
	Accumulated amortisation and impairment losses	(3 549 708)	(2 586 371)
	Acquisitions	460 218	570 669
	Amortisation for the year	(905 447)	(963 337)
	Carrying value of disposals	-	-
	Cost	-	-
	Accumulated amortisation	-	-
	Carrying value as at 30 June	1 255 222	1 700 451
	Cost	5 710 377	5 250 158
	Accumulated amortisation and impairment losses	(4 455 155)	(3 549 708)
	The amortisation expense has been included in the line item Depreciation and Amortisation in the statement of Financial Performance 28		
	All of the Municipality's Intangible Assets are held under freehold interest and no Intangible Assets had been pledged as security for any liabilities of the Municipality.		
	No restrictions apply to any of the Intangible Assets of the Municipality.		
	The Municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.		
	No impairment losses have been recognised on Intangible Assets of the Municipality at the reporting date.		
1.3	INVESTMENT PROPERTY AT FAIR VALUE		
	Reconciliation of fair value		
	Balance as at 1 July	214 245 950	207 482 450
	Balance Previously Reported		182 357 250
	Correction of Error - refer to note 38.12		25 125 200
	Acquisitions	200 000	-
	Amortisation for the year	-	-
	Fair value adjustment	1 326 500	6 763 500
	Balance Previously Reported		-
	Correction of Error - refer to note 38.12		6 763 500
	Fair value of disposals	-	-
	Impairment loss / Reversal of impairment loss	-	-
	Transfers	-	-
	Other movements	-	-
	Carrying value as at 30 June	215 772 450	214 245 950

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Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
	<p>All of the Municipality's Investment Property is held under freehold interest and no Investment Property had been pledged as security for any liabilities of the municipality.</p> <p>The effective date of the revaluations was 30 June 2013. Revaluations were performed by independent valuers, DDP Valuers, which are not connected to the entity and have recent experience in location and category of the investment property being valued.</p> <p>The valuation was based on 2013's fair value.</p> <p>There are no contractual obligations on Investment Property.</p> <p>No impairment losses have been recognised on Investment Property of the Municipality at the reporting date.</p>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

1.4 HERITAGE ASSETS

30 June 2013	Cultural Land and Buildings	Historical Sites	National Monuments	Total
Reconciliation of Carrying Value	R	R	R	R
Carrying Values at 1 July 2012	4 273 000	2	2	4 273 004
Cost	4 273 000	2	2	4 273 004
Accumulated Depreciation	-	-	-	-
Acquisitions	-	-	-	-
Capital Under Construction	-	-	-	-
Depreciation	-	-	-	-
Carrying Values at 30 June 2013	4 273 000	2	2	4 273 004
Cost	4 273 000	2	2	4 273 004
Accumulated Depreciation	-	-	-	-

30 June 2012	Cultural Land and Buildings	Historical Sites	National Monuments	Total
Reconciliation of Carrying Value	R	R	R	R
Carrying Values at 1 July 2011	4 273 000	2	2	4 273 004
Cost	-	-	-	-
Correction of Error - refer to note 38.13	-	2	2	4
Change in Accounting Policy - refer to note 37.2	4 273 000	-	-	4 273 000
Accumulated Depreciation	-	-	-	-
Acquisitions	-	-	-	-
Capital Under Construction	-	-	-	-
Depreciation	-	-	-	-
Carrying Values at 30 June 2012	4 273 000	2	2	4 273 004
Cost	4 273 000	2	2	4 273 004
Accumulated Depreciation	-	-	-	-

Heritage Assets have been restated to correctly classify amounts held for Heritage Assets in terms of GRAP 103, previously included in Property, Plant and Equipment. Refer to note 38.2 on "Change in Accounting Policy" for details of the restatement.

All of the Municipality's Heritage Assets are held under freehold interest and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the Municipality.

No impairment losses have been recognised on Heritage Assets of the Municipality at the reporting date.

The Municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been

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Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
2	NON-CURRENT RECEIVABLES		
	Sundry Loans	34 961	21 450
	Less: Current portion transferred to current assets	(6 263)	(19 587)
	Total Non-Current Receivables	28 698	1 863
	<i>The Municipality does not hold deposits or any other security for its Long-Term Receivables.</i>		
	<i>No Long-Term Receivables have been pledged as security for the Municipality's financial liabilities.</i>		
3	INVENTORY		
	Consumable Stores – at Cost	5 816 772	6 025 616
	Balance Previously Reported		6 021 484
	Correction of Error - refer to note 38.4		4 132
	Unsold water - at Cost	234 314	185 733
	Balance Previously Reported		107 516
	Correction of Error - refer to note 38.4		78 217
	Total Inventory	6 051 085	6 211 349
	<i>Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.</i>		
	<i>No inventories have been pledged as collateral for Liabilities of the Municipality.</i>		
	<i>An inventory loss to the amount of R 22 774 (2012 - R 206 941 surplus) have been accounted during the year under review. .</i>		
	<i>Included in consumable stock, is slow moving stock (stock showing no movement for the last 120 days) amounting to R 1 652 010 (2012 - R 1 913 956).</i>		
	<i>The value and quantity of unsold water at year-end was calculated on a management estimate based on the % of the capacity of the water storage facilities and the cost per kl water purified during the financial year.</i>		

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Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
4	TRADE RECEIVABLES		
	As at 30 June 2013	Gross Balances	Provision for Bad Debts
			Net Balance
	Trade receivables from Exchange Transactions	53 063 060	(9 218 913)
	Trade receivables from Non-Exchange Transactions	4 846 603	(1 155 646)
	Total Trade Receivables	57 909 663	(10 374 559)
	Trade receivables from Exchange Transactions	Gross Balances	Provision for Bad Debts
		R	R
			Net Balance
			R
	Consumer Debtors per Suburb		
	Akademia	201 752	(13 669)
	Dakotaweg	1 116 478	(249 174)
	Blydeveld	361 894	(25 668)
	Commonage	2 308 130	(195 540)
	Dakotaweg	23 280	(4 015)
	Die Rand	1 761 009	(171 866)
	Florapark	331 469	(24 973)
	Gordonia Farming Areas	106 870	(25 372)
	Industrial Areas	4 331 021	(459 042)
	Kalksloot	235 495	(76 178)
	Kameelmond / Lemoendraai	253 934	(59 501)
	Karos	145 701	(96 116)
	Karos Farming Areas	98 667	(54 169)
	Keidebees	716 588	(53 500)
	Kenhardt Farming Areas	641 497	(82 774)
	Lambrechtsdrift	75 992	(44 219)
	Leerkrans	90 749	(36 173)
	Leseding	3 459	(1 453)
	Louisvale Dorp	1 103 673	(166 878)
	Louisvaleweg	2 254 078	(1 161 262)
	Middelpos	886 320	(72 568)
	Morning Glory	645 439	(110 523)
	Ntsekelelo	9	-
	Olyvenhoutsdrift Farming Areas	542 814	(64 037)
	Oosterville	831 581	(57 513)
	Upington	2 398 757	(2 015 889)
	Paballelo	3 411 765	(1 310 984)
	Progress	1 888 356	(450 564)
	Raaswater	812 889	(569 933)
	Riverside	3 278 819	(829 471)
	Rosedale	1 226 845	(208 981)

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Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R	
	Sesbrugge / Klippunt	82 488	(5 325)	77 163
	Town Centre / Business Area	5 529 291	(475 595)	5 053 696
	Uppington Farming Areas	169 994	(12 688)	157 306
	Vaalkoppies Farming Areas	49 664	(33 300)	16 363
	Sub-Total	37 916 770	(9 218 913)	28 697 857
	Provision for income not yet billed	14 158 368	-	14 158 368
	Sub-Total	52 075 138	(9 218 913)	42 856 225
	Plus: Amounts received in advance	987 923	-	987 923
	Total	53 063 060	(9 218 913)	43 844 148

Trade receivables from Non-Exchange Transactions	Gross Balances	Provision for Bad Debts	Net Balance
	R	R	R
As at 30 June 2013			
Consumer Debtors per group			
Akademia	(286)	(13)	(299)
Dakotaweg	110 393	(26 162)	84 231
Blydeveld	171 576	(13 462)	158 114
Commonage	130 199	(11 605)	118 594
Dakotaweg	1 528	(361)	1 167
Die Rand	396 728	(49 022)	347 706
Florapark	20 823	(7 657)	13 166
Gordonia Farming Areas	370 850	(90 228)	280 622
Industrial Areas	223 365	(30 892)	192 473
Kalksloot	(2 967)	(1 220)	(4 187)
Kameelmond / Lemoendraai	101 130	(24 100)	77 029
Karos	1 523	(2 551)	(1 027)
Karos Farming Areas	215 915	(121 728)	94 188
Keidebees	373 349	(30 109)	343 240
Kenhardt Farming Areas	62 102	(14 630)	47 473
Lambrechtsdrift	1 018	(633)	385
Leerkrans	3 196	(1 682)	1 514
Leseding	-	-	-
Louisvale Dorp	(13 347)	(4 528)	(17 874)
Louisvaleweg	125 129	(66 024)	59 105
Middelpoos	280 286	(28 520)	251 767
Morning Glory	53 245	(10 496)	42 748
Ntsekelelo	33	-	33
Olyvenhoutsdrift Farming Areas	94 129	(13 866)	80 263
Oosterville	293 777	(23 363)	270 414
Uppington	261 594	(225 178)	36 416
Paballelo	80 226	(39 140)	41 085
Progress	118 701	(31 161)	87 540
Raaswater	7 418	(7 979)	(561)

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Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
	Riverside	407 050	(106 267)
	Rosedale	16 281	(8 287)
	Sesbrugge / Klippunt	(660)	-
	Town Centre / Business Area	643 213	(80 016)
	Uppington Farming Areas	40 047	(3 568)
	Vaalkoppies Farming Areas	118 252	(81 199)
	Sub-Total	4 705 817	(1 155 646)
	Plus: Amounts received in advance	140 786	-
	Total	4 846 603	(1 155 646)
		Gross	Provision for Bad
	As at 30 June 2012	Balances	Debts
			Net Balance
	Trade receivables from Exchange Transactions	40 582 391	4 116 462
			36 465 930
	Balance Previously Reported	40 582 391	6 870 542
	Correction of Error - refer to note 38.14	-	(2 754 080)
			33 711 850
	Trade receivables from Non-Exchange Transactions	4 170 550	624 892
			3 545 658
	Balance Previously Reported	4 170 550	985 115
	Correction of Error - refer to note 38.14	-	(360 223)
			3 185 435
	Total Trade Receivables	44 752 942	4 741 354
			40 011 588
	Trade receivables from Exchange Transactions	Gross Balances	Provision for Bad Debts
		R	R
			Net Balance
			R
	Consumer Debtors per group		
	Akademia	1 029 213	(350 925)
	Dakotaweg	522 578	(63 987)
	Blydeveld	311 367	(21 852)
	Commonage	1 704 936	(120 549)
	Dakotaweg	16 047	(1 564)
	Die Rand	1 387 195	(120 530)
	Florapark	297 591	(21 845)
	Gordonia Farming Areas	63 033	(12 592)
	Industrial Areas	3 513 702	(349 506)
	Kalksloot	108 222	(15 692)
	Kameelmond / Lemoendraai	195 205	(35 000)
	Karos	63 634	(12 067)
	Karos Farming Areas	141 198	(86 133)

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Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
	Keidebees	604 431	(45 608)
	Kenhardt Farming Areas	587 020	(80 002)
	Lambrechtsdrift	26 757	(3 320)
	Leerkrans	35 951	(4 130)
	Leseding	-	-
	Louisvale Dorp	932 044	(135 488)
	Louisvaleweg	1 539 544	(621 585)
	Middelpos	759 440	(56 401)
	Morning Glory	456 387	(50 990)
	Ntsekelelo	7	(2)
	Olyvenhoutsdrift Farming Areas	461 422	(56 119)
	Oosterville	707 819	(46 591)
	Upington	2 066 811	(511 711)
	Paballelo	1 959 713	(440 887)
	Progress	970 558	(124 661)
	Raaswater	295 037	(54 029)
	Riverside	1 133 357	(140 162)
	Rosedale	736 455	(75 033)
	Sesbrugge / Klippunt	76 709	(4 918)
	Town Centre / Business Area	4 814 090	(417 687)
	Upington Farming Areas	171 890	(13 553)
	Vaalkoppies Farming Areas	36 143	(21 344)
	Sub-Total	27 725 503	(4 116 461)
	Provision for income not yet billed	12 590 003	-
		40 315 505	(4 116 461)
	Plus: Amounts received in advance	266 886	-
	Total	40 582 391	(4 116 461)
<p><i>Receivables from Exchange Transactions are billed monthly. No interest is charged on Receivables until the next billing period in the following month. Thereafter interest is charged at a rate determined by Council on the outstanding balance.</i></p> <p><i>Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.</i></p> <p><i>The Municipality did not pledge any of its Receivables as security for borrowing purposes.</i></p>			

Trade receivables from Non-Exchange Transactions	Gross Balances	Provision for Bad Debts	-
As at 30 June 2012	R	R	R
Consumer Debtors per group			
Akademia	(1 489)	(74)	(1 564)
Dakotaweg	71 376	(9 216)	62 160
Blydeveld	161 989	(11 820)	150 169

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Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
	Commonage	19 683	(4 291)
	Dakotaweg	(150)	(0)
	Die Rand	294 891	(33 468)
	Florapark	66 391	(5 892)
	Gordonia Farming Areas	288 663	(60 128)
	Industrial Areas	123 783	(17 981)
	Kalksloot	1 145	(453)
	Kameelmond / Lemoendraai	64 703	(11 942)
	Karos	2 735	(664)
	Karos Farming Areas	187 172	(116 974)
	Keidebees	345 834	(27 434)
	Kenhardt Farming Areas	81 639	(12 857)
	Lambrechtsdrift	330	(50)
	Leerkrans	1 922	(243)
	Leseding	-	-
	Louisvale Dorp	(96 132)	(4 244)
	Louisvaleweg	48 820	(33 817)
	Middelpos	264 474	(19 994)
	Morning Glory	31 241	(3 869)
	Ntsekelelo	8	(2)
	Olyvenhoutsdrift Farming Areas	75 963	(10 985)
	Oosterville	219 495	(16 485)
	Upington	273 768	(65 982)
	Paballelo	34 260	(13 684)
	Progress	67 268	(9 621)
	Raaswater	1 661	(853)
	Riverside	118 990	(15 878)
	Rosedale	12 093	(3 669)
	Sesbrugge / Klippunt	-	-
	Town Centre / Business Area	685 396	(61 995)
	Upington Farming Areas	21 058	(2 675)
	Vaalkoppies Farming Areas	79 727	(47 650)
	Sub-Total	3 548 706	(624 892)
	Amounts received in advance	621 845	-
	Total	4 170 550	(624 892)
	The Municipality did not pledge any of its Receivables as security for borrowing purposes.		

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Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
	Reconciliation of the Provision for Impairment		
	Balance at beginning of the year	4 741 354	17 087 173
	Provision for bad debt	6 401 289	1 729 546
	Balance Previously Reported		4 830 308
	Correction of Error - refer to note 38.14		(3 114 303)
	Amounts written off as uncollectable	(768 083)	(14 075 365)
	Balance Previously Reported		(14 088 906)
	Correction of Error - refer to note 38.14		13 541
	Balance at the end of the year	10 374 559	4 741 354
	Receivables from Exchange Transactions	9 218 913	4 116 462
	Receivables from Non-Exchange Transactions	1 155 646	624 892
	<i>Concentrations of credit risk with respect to trade receivables are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.</i>		

5	OTHER RECEIVABLES		
	Sundry Debtors	377 534	279 108
	Monies Receivable - Various Departments	3 969 393	6 237 230
	Balance Previously Reported		9 498 563
	Correction of Error - refer to note 38.5		(3 261 334)
	Total Other Receivables	4 346 927	6 516 338
	<i>Due to the short term nature of these items, the carrying value approximated the fair value</i>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
6	UNPAID CONDITIONAL GRANTS AND RECEIPTS		
	<i>Conditional Grants From Other Spheres of Government</i>		
	FMG	929 623	604 338
	Balance Previously Reported		-
	Correction of Error - refer to note 38.7		604 338
	MSIG	591 332	353 331
	Balance Previously Reported		-
	Correction of Error - refer to note 38.7		353 331
	Health	3 379 659	3 120 300
	Balance Previously Reported		-
	Correction of Error - refer to note 38.7		3 120 300
	INEP	-	196 851
	Balance Previously Reported		-
	Correction of Error - refer to note 38.7		196 851
	Other	1 118 001	
	Total Unpaid Conditional Grants and Receipts	6 018 615	4 274 820
7	SHORT TERM INVESTMENTS		
	Total short-term Investments	22 433 496	7 988 842
	Balance Previously Reported		8 037 163
	Correction of Error - refer to note 38.6		(48 321)
	Less: Investments qualifying as Cash and Cash Equivalents	(19 319 186)	(5 363 490)
	Balance Previously Reported		(6 388 694)
	Correction of Error - refer to note 38.6		1 025 204
	Total Short Term Investments	3 114 310	2 625 353
	<i>Investments with a maturity term of less than 3 months (90 days) are reclassified and disclosed as cash and cash equivalents.</i>		
	<i>It is council policy to invest surplus cash for periods not exceeding 12 months.</i>		
	<i>Investments to the amount of R 3 114 310 (2012 - R 2 625 352) are ring-fenced specifically for employee trust accounts. Refer to note 9 for Employee benefits in trust</i>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
8	CASH AND CASH EQUIVALENTS		
	Cashier's Float	3 840	3 660
	Petty Cash	2 000	2 100
	Investments qualifying as Cash and Cash Equivalents	19 319 186	5 363 490
	Balance Previously Reported		6 388 694
	Correction of Error - refer to note 38.15		(1 025 204)
	Total Cash and Cash Equivalents	19 325 026	5 369 250
9	NON-CURRENT BORROWINGS		
	Annuity Loans	145 435 004	92 227 616
	Balance Previously Reported		93 620 522
	Correction of Error - refer to note 38.9		(1 392 906)
	Less : Current portion transferred to current liabilities	(14 367 491)	(11 713 725)
	Total Non-Current Borrowings	131 067 513	80 513 891
	<i>(Refer to Appendix A for more detail on long-term liabilities)</i>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
10	TRUST ACCOUNTS		
	Employee Benefit Trust Accounts	3 114 310	2 625 352
	Total Trust Accounts	3 114 310	2 625 352
	Employee Benefit Trust Accounts		
	Balance at Beginning of Year	2 625 352	2 647 644
	Received	1 109 945	28 897
	Capital Withdraw	(733 812)	(150 881)
	Interest Received	144 725	136 265
	Interest Withdraw	(31 900)	(36 573)
	Balance at End of Year	3 114 310	2 625 352
	<i>(Employee benefit trust accounts are kept in trust for beneficiaries of deceased employees. These amounts are invested in separate investment accounts and utilised in terms of the stipulations of the Curator of the Estate).</i>		
11	EMPLOYEE BENEFITS		
	Post Retirement Medical Benefits	66 181 516	60 765 626
	Long-Service Awards	11 064 038	9 573 183
	Balance Previously Reported		5 514 105
	Correction of Error - refer to note 38.3		4 059 078
	Total Non-current Employee Benefit Liabilities	77 245 553	70 338 809
11.1	POST RETIREMENT MEDICAL BENEFITS	2013	2012
	Balance 1 July	62 576 150	54 950 194
	Contribution for the year	3 358 826	2 953 158
	Interest Cost	4 881 855	4 711 414
	Expenditure for the year	(1 874 885)	(1 708 739)
	Actuarial (Gain) / Loss	(819 298)	1 670 123
		68 122 648	62 576 150
	Less: Transfer of Current	(1 941 132)	(1 810 524)
	Net Post-Employment Health Care Benefit Liability	66 181 516	60 765 626

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Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
11.2	LONG SERVICE AWARDS		
	Balance 1 July	10 881 915	9 196 531
	Contribution for the year	1 336 912	1 046 948
	Interest Cost	668 102	640 415
	Expenditure for the year	(934 205)	(805 440)
	Actuarial Loss	94 490	803 461
	Past Service Cost	147 999	-
		<u>12 195 213</u>	<u>10 881 915</u>
	Less: Transfer of Current	(1 131 175)	(1 308 732)
	Net Long Service Awards Liability	<u>11 064 038</u>	<u>9 573 183</u>
	TOTAL NON-CURRENT EMPLOYEE BENEFITS		
	Balance 1 July	73 458 065	64 146 725
	Contribution for the year	4 695 738	4 000 106
	Interest Cost	5 549 957	5 351 829
	Expenditure for the year	(2 809 090)	(2 805 729)
	Actuarial Loss	(724 808)	2 765 134
	Past Service Cost	147 999	-
		<u>80 317 861</u>	<u>73 458 065</u>
	Less: Transfer of Current	(3 072 307)	(3 119 256)
	Net Post-Employment Health Care Benefit Liability	<u>77 245 554</u>	<u>70 338 809</u>
	Post Retirement Benefits		
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	- In-service (employees) members	435	417
	- In-service (employee) non-members	419	424
	- Continuation members (e.g. Retirees, widows, orphans)	62	62
	Total	<u>916</u>	<u>903</u>
	The liability in respect of past service has been estimated to be as follows:		
	- In-service members	30 070 952	26 637 791
	- Continuation members	28 539 521	27 477 546
	- In-Service non-members	9 512 175	8 460 813
		<u>68 122 648</u>	<u>62 576 150</u>

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
	The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
	<ul style="list-style-type: none"> - Bonitas - Global Health - LA Health - Keyhealth - Samwumed 		
	Key actuarial assumptions used:		
	The principal assumptions used for the purposes of the actuarial valuations were as follows:		
	Rate of interest		
	Discount rate	8.78%	7.91%
	Health Care Cost Inflation Rate	7.69%	6.90%
	Net Effective Discount Rate	1.01%	0.95%
	Mortality rates		
	The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries		
	Normal retirement age		
	It has been assumed that in-service members will retire at the age of 55, which then implicitly allows for expected rates of early and ill-health retirement.		
	The amounts recognised in the Statement of Financial Position are as follows:		
	Present value of fund obligations	68 122 648	62 576 150
	Net liability/(asset)	68 122 648	62 576 150
	The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155(a)		
	Balance 1 July	62 576 150	54 950 194
	Contribution for the year	3 358 826	2 953 158
	Interest Cost	4 881 855	4 711 414
	Expenditure for the year	(1 874 885)	(1 708 739)
	Actuarial (Gain) / Loss	(819 298)	1 670 123
		68 122 648	62 576 150
	Less: Transfer of Current	(1 941 132)	(1 810 524)
	Net Post-Employment Health Care Benefit Liability	66 181 516	60 765 626
	Sensitivity Analysis on the Accrued Liability	In-Service members liability R	Continuation member liability R
	Assumption		Total liability R
	Central Assumptions	39.583	28.540
			68.123

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description			2013 R	2012 R	
	The effect of movements in the assumptions are as follows:					
	Assumptions	Change	In-Service members liability R	Continuation member liability R	Total liability R	Change %
	Health care inflation	1%	45.486	31.762	77.248	13%
	Health care inflation	-1%	34.237	25.769	60.006	-12%
	Post-Retirement mortality	-1 year	40.964	29.654	70.617	4%
	Average retirement age	-1 year	43.356	28.540	71.895	6%
	Withdrawal Rate	-50%	43.586	28.540	72.125	6%
	Long Service Bonuses				Employees	Employees
	The Long Service Bonus plans are defined benefit plans					
	As at year end, the following number of employees were eligible for Long Service Bonuses				852	841
	Rate of interest					
	Discount rate				6.97%	6.58%
	General Salary Inflation (Long-Term)				6.63%	6.19%
	Nett Effective Discount Rate applied to salary-related Long Service Bonuses				0.32%	0.37%

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
	The amounts recognised in the Statement of Financial Position are as follows:		
	Present value of fund obligations	12 195 213	10 881 915
	Net liability	12 195 213	10 881 915
	Balance 1 July	10 881 915	9 196 531
	Contribution for the year	1 336 912	1 046 948
	Interest Cost	668 102	640 415
	Expenditure for the year	(934 205)	(805 440)
	Actuarial Loss	94 490	803 461
	Past Service Cost	147 999	-
		12 195 213	10 881 915
	Less: Transfer of Current	(1 131 175)	(1 308 732)
	Net Post-Employment Health Care Benefit Liability	11 064 038	9 573 183
	Sensitivity Analysis on the Accrued Liability		
	Assumptions	Change	Liability R
	Central assumptions	-	12.195
	General salary inflation	+ 1%	13.046
	General salary inflation	- 1%	11.429
	Average retirement age	-2 yrs	11.007
	Average retirement age	+2 yrs	13.278
	Withdrawal rates	-50%	14.302
			Change R
			-
			7%
			-6%
			-10%
			9%
			17%
12	NON-CURRENT PROVISIONS		
	Landfill Site - Environmental Rehabilitation	-	-
	Balance at the end of the period	-	-
12.1	<u>Landfill Site - Environmental rehabilitation</u>		
	Balance beginning of the period	1 323 309	1 321 268
	Contributions	6 450	2 041
		1 329 759	1 323 309
	Less: Transfer of Current Portion	(1 329 759)	(1 323 309)
	Balance at the end of the period	-	-
	<i>//Khara Hais Municipality currently operates a landfill site. Environmental rehabilitation – environmental obligation to rehabilitate the various landfill sites upon closure.</i>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
13	CONSUMER DEPOSITS		
	Electricity and Water	6 378 364	5 435 809
	Sundry	1 025 747	703 201
	Balance Previously Reported		718 159
	Correction of Error - refer to note 38.8		(14 958)
	Total Consumer Deposits	7 404 111	6 139 010
	Guarantees Held In Lieu of Electricity and Water Deposits	130 170	130 170
	<i>Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the Municipality can utilise the deposit as payment for the outstanding account.</i>		
	<i>No interest is paid on Consumer Deposits held.</i>		
14	CURRENT EMPLOYEE BENEFITS		
	Current portion of Post employment benefits transferred	1 941 132	1 810 524
	Current portion of Long service awards transferred	1 131 175	1 308 732
	Total current Employee Benefits	3 072 307	3 119 256
15	PROVISIONS		
	Performance Bonusses	716 250	686 799
	Balance Previously Reported		679 288
	Correction of Error - refer to note 38.1		7 511
	Current portion of Non-Current Provisions	1 329 759	1 323 309
	Total Current Provisions	2 046 010	2 010 108
	Performance bonuses		
	Balance beginning of the period	686 799	722 921
	Performance bonuses paid	(398 377)	(481 753)
	Contributions	427 828	445 631
	Balance Previously Reported		438 120
	Correction of Error - refer to note 39.10		7 511
	Balance at the end of the period	716 250	686 799

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
16	TRADE AND OTHER PAYABLES		
	Trade Creditors	43 385 213	44 059 684
	Balance Previously Reported		29 157 504
	Correction of Error - refer to note 38.1		14 902 180
	Payments Received in Advance	1 128 709	888 730
	Retentions	1 284 590	1 446 558
	Unidentified Deposits	1 310 819	1 331 463
	Other Creditors	737 583	296 485
	Leave Accrual	15 833 977	13 748 653
	Balance Previously Reported		14 322 180
	Correction of Error - refer to note 38.1		(573 527)
	Total Trade and Other Payables	63 680 891	61 771 573
	<i>Due to the short term nature of these items, the carrying value approximated the fair value</i>		
	<i>The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the Municipality deals with. The Municipality has policies in place to ensure that all payables are paid within the credit timeframe.</i>		
	Leave accrual		
	Balance beginning of the period	13 748 653	11 841 022
	Balance Previously Reported		10 916 970
	Correction of Error - refer to note 38.1		924 052
	Leave payments	(682 331)	(1 676 613)
	Balance Previously Reported		(1 074 625)
	Correction of Error - refer to note 38.1		(601 988)
	Contributions	2 767 654	3 584 244
	Balance Previously Reported		2 408 729
	Correction of Error - refer to note 38.1		1 175 515
	Balance at the end of the period	15 833 977	13 748 653
	<i>Provision for leave values due to employees is calculated in terms of the standard conditions of employment. The provision for leave is calculated on the cost to council, leave payouts are done on basic salary.</i>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
17	UNSPENT CONDITIONAL GRANTS AND DONATIONS		
17.1	<i>Conditional Grants From Other Spheres of Government</i>	37 276 903	31 149 344
	FMG	-	-
	Balance Previously Reported		604 338
	Correction of Error - refer to note 38.2		(604 338)
	MSIG	-	-
	Balance Previously Reported		353 331
	Correction of Error - refer to note 38.2		(353 331)
	Provincial grants	1 221 910	1 024 679
	MIG	32 238 943	23 615 090
	Other	-	2 308 616
	Balance Previously Reported		2 310 616
	Correction of Error - refer to note 38.2		(2 000)
	Provincial LED Projects	101 593	101 593
	EPWP	3 714 455	4 099 365
	Health	-	-
	Balance Previously Reported		141 033
	Correction of Error - refer to note 38.2		(141 033)
	INEP	-	-
	Balance Previously Reported		200
	Correction of Error - refer to note 38.2		(200)
17.2	<i>Conditional Public Grants and Donations</i>	30 000	30 000
	Other	30 000	30 000
	Total Unspent Conditional Grants and Donations	37 306 903	31 179 344
	<i>See note 24 for reconciliation of grants from other spheres of government.</i>		
	<i>Due to the short term nature of these items, the carrying value approximated the fair value</i>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
18	VAT PAYABLE		
	VAT Payable	3 206 251	1 053 441
	Total VAT Payable	3 206 251	1 053 441
	<i>VAT is payable on the cash basis. Only once payment is received from debtors is VAT paid over to SARS and claimed from SARS when actual payment of creditors are done.</i>		
19	BANK OVERDRAFT		
	Bank overdraft - ABSA Bank (Account 22-4000-0051)	17 650 007	10 297 917
	<u>Current Account (Primary Bank Account)</u>		
	ABSA Bank Limited - Uppington Branch: Account Number 22-4000-0051		
	Cash Book Balance at Beginning of Year – Overdrawn	(10 297 917)	(1 367 555)
	Cash Book Balance at End of Year - Overdrawn	(17 650 007)	(10 297 917)
	Bank Statement Balance at Beginning of Year	3 820 939	5 356 932
	Bank Statement Balance at End of Year	439 696	3 820 939
	<i>The Municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.</i>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
20	ACCUMULATED SURPLUS		
	Accumulated surplus / (deficit)	1 539 172 584	1 611 381 399
	Balance Previously Reported		2 031 615 364
	Correction of Error - refer to note 38.16		(420 233 965)
	Total Accumulated Surplus	1 539 172 584	1 611 381 399
	Reconciliation of actual Surplus/(Deficit) for the year		
	Surplus/(Deficit) as per Statement of Financial Performance	(72 208 815)	(136 928 857)
	Plus:	61 716 938	65 754 796
	Depreciation	85 266 847	78 364 335
	Redemption on external loans	(23 549 908)	(12 609 538)
	Less:	(29 968 978)	10 663 496
	Government grants and subsidies - Capex	(40 221 124)	(14 841 291)
	Employee Benefits - Contribution to provisions	10 252 146	25 504 788
	Actual Surplus/(Deficit) for the year	(40 460 855)	(60 510 564)
21	PROPERTY RATES		
	General Rates		
	Total Assessment Rates	50 437 490	43 340 022
	Valuations	30/06/2013	30/06/2012
		R 000's	R 000's
	Residential & Commercial	3 741 957 560	4 792 037 960
	Agricultural	378 909 030	488 330 660
	State	1 388 147 400	239 594 300
	Non Rateable	169 898 570	213 249 270
	Total Property Valuations	5 678 912 560	5 733 212 190
	<i>Valuations on land and buildings are performed every four years. The general valuation came into effect on 1 July 2009. A general rate of R 0.018936 (2012 - R 0.012624) were applied to property valuations to determine assessment rates. Rates are levied on an annual or monthly basis on properties depending on the choice made by the property owner. The final date of payment for annually levied rates was 31 October 2012 and monthly levied by the 15th of the following month. Interest is levied on outstanding rates.</i>		
22	SERVICE CHARGES		
	Sale of Electricity	195 624 278	172 410 167
	Balance Previously Reported		171 615 060
	Correction of Error - refer to note 38.18		795 107
	Sale of Water	41 045 283	37 085 782
	Refuse Removal	23 256 914	16 947 731
	Sewerage and Sanitation Charges	25 353 216	23 064 887
	Total Service Charges	285 279 691	249 508 566
	<i>The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.</i>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
23	GOVERNMENT GRANTS AND SUBSIDIES		
	Government Grants and Subsidies - Operating	64 139 164	53 609 775
	Balance Previously Reported		54 620 184
	Correction of Error - refer to note 38.16		(1 010 409)
	Government Grants and Subsidies - Capital	40 221 124	14 841 291
	Balance Previously Reported		13 830 882
	Correction of Error - refer to note 38.16		1 010 409
	Total Government Grants and Subsidies	104 360 288	68 451 066
	Equitable Share	52 652 000	46 120 000
	Health Subsidy	-	1 170 000
	SETA Training Subsidy	181 660	763 414
	Housing Grants	6 313 459	1 384 400
	District Municipality	-	9 368
	Health grant	1 363 359	-
	INEP	8 063 149	2 025 851
	Balance Previously Reported		1 828 800
	Correction of Error - refer to note 23.3		(197 051)
	Provincial	460 769	353 443
	MIG	16 765 147	9 826 340
	MSIG	800 001	1 381 673
	Provincial LED Projects	-	187 363
	FMG	1 485 285	2 395 242
	Other Conditional Grants	3 047 685	619 105
	Balance Previously Reported		617 105
	Correction of Error - refer to note 23.9		2 000
	EPWP Grants	1 326 454	1 374 467
	DWAF	-	840 400
	FIFA Worldcup Legacy Programme	7 116 005	
	SANRAL	4 785 316	
	Total Government Grants and Subsidies	104 360 288	68 451 067
23.1	Equitable Share and SETA Subsidies		
	<i>In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy which is funded from this grant.</i>		
	<i>SETA subsidies are utilised to finance the operations of the specific department (Human Resources) within the municipality.</i>		
23.2	Health grant		
	Balance unspent at beginning of year	(3 120 300)	(3 120 300)
	Balance Previously Reported		141 033
	Correction of Error - refer to note 38.7		(3 261 334)
	Current year receipts -	1 104 000	-
	Other transfers	-	-
	Conditions met - transferred to revenue	(1 363 359)	-
	Conditions still to be met - transferred to assets	(3 379 659)	(3 120 300)

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
23.3	INEP Grant		
	Balance unspent at beginning of year	(196 851)	-
	Current year receipts -	8 260 000	1 829 000
	Other transfers	-	-
	Conditions met - transferred to revenue	(8 063 149)	(2 025 851)
	Balance Previously Reported		(1 828 800)
	Correction of Error - refer to note 38.7		(197 051)
	Conditions still to be met - transferred to liabilities / assets	-	(196 851)
	<i>This grant was used for electrical connections in previously disadvantaged areas. R 260 000 was received additionally.</i>		
23.4	Provincial Grants		
	Balance unspent at beginning of year	1 024 679	823 122
	Current year receipts	929 000	555 000
	Other transfers	(271 000)	-
	Conditions met - transferred to revenue	(460 769)	(353 443)
	Conditions still to be met - transferred to liabilities	1 221 910	1 024 679
	<i>The grant was utilised for the upgrading of library infrastructure and equipment as well as operating expenditure.</i>		
23.5	MIG		
	Balance unspent at beginning of year	23 615 090	1 030 430
	Current year receipts	23 789 000	19 611 000
	MIG Roll-Over not approved	-	(2 100 000)
	MIG Roll-Over approved	2 100 000	14 900 000
	Other transfers	(500 000)	-
	Conditions met - transferred to revenue	(16 765 147)	(9 826 340)
	Conditions still to be met - transferred to liabilities	32 238 943	23 615 090
	<i>The Municipal infrastructure grant is utilised for the construction of infrastructure in terms of the conditions of the grant. Due to critical vacant position within the Technical department, all MIG-projects could not be completed.</i>		
23.6	MSIG		
	Balance unspent at beginning of year	(353 331)	403 342
	Current year receipts -	800 000	790 000
	Withheld	(238 000)	(165 000)
	Conditions met - transferred to revenue	(800 001)	(1 381 673)
	Conditions still to be met - transferred to assets	(591 332)	(353 331)
	<i>The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems.</i>		
23.7	Provincial LED Projects		
	Balance unspent at beginning of year	101 593	288 956
	Current year receipts	-	-
	Conditions met - transferred to revenue	-	(187 363)
	Conditions still to be met - transferred to liabilities	101 593	101 593
	<i>Provincial LED Projects grants are used to promote Small, Medium and Micro Enterprises. The grant is spent in accordance with a business plan approved by the Provincial Government. No funds have been withheld.</i>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
23.8	FMG		
	Balance unspent at beginning of year	(604 338)	684 905
	Current year receipts	1 500 000	1 450 000
	Withheld	(340 000)	(344 000)
	Conditions met - transferred to revenue	(1 485 285)	(2 395 242)
	Conditions still to be met - transferred to assets	(929 623)	(604 338)
	<i>The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).</i>		
23.9	Other		
	Balance unspent at beginning of year	2 308 616	915 831
	Current year receipts	329 145	2 011 890
	Other transfers	(708 077)	-
	Conditions met - transferred to revenue	(3 047 685)	(619 105)
	Balance Previously Reported		(617 105)
	Correction of Error - refer to note 992		(2 000)
	Conditions still to be met - transferred to assets / liabilities	(1 118 001)	2 308 616
	<i>Various grants received from different spheres (e.g. Lotto)</i>		
24.10	EPWP		
	Balance unspent at beginning of year	4 099 365	1 521 889
	Current year receipts	2 498 009	3 951 943
	Other transfers	(1 556 465)	-
	Conditions met - transferred to revenue	(1 326 454)	(1 374 467)
	Conditions still to be met - transferred to liabilities	3 714 455	4 099 365
	<i>The Expanded Public Works Programme Grant was allocated to the Municipality for paving projects in the community and improvement of roads.</i>		
24.11	DWAF		
	Balance unspent at beginning of year	-	-
	Current year receipts	-	840 400
	Other transfers	-	-
	Conditions met - transferred to revenue	-	(840 400)
	Conditions still to be met - transferred to liabilities	-	-
	<i>The grant was used for capital expenditure in water reticulation and production.</i>		
24.12	FIFA WORLD CUP LEGACY PROGRAMME		
	Balance unspent at beginning of year	-	-
	Current year receipts	7 116 005	-
	Other transfers	-	-
	Conditions met - transferred to revenue	(7 116 005)	-
	Conditions still to be met - transferred to liabilities	-	-
	<i>A donation was received by FIFA Worldcup Legacy Programme for the funding of the football turf and clubhouse at Paballelo</i>		
24.13	SANRAL		
	Balance unspent at beginning of year	-	-
	Current year receipts	4 785 316	-
	Other transfers	-	-
	Conditions met - transferred to revenue	(4 785 316)	-
	Conditions still to be met - transferred to liabilities	-	-
	<i>A donation was received by SANRAL for the funding access roads to Karos, Leerkrans and Ntsikelelo</i>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
24	OTHER INCOME		
	Commission	421 749	309 256
	Insurance Claims	440 555	384 584
	Plan fees	462 838	346 277
	Retention Fees Cancelled	-	-
	Other	4 471 436	2 176 208
	Total Other Income	5 796 578	3 216 325
	<i>The amounts disclosed above for Other Revenue are in respect of services, other than described in notes 22 to 23, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.</i>		
25	EMPLOYEE RELATED COSTS		
	Employee Related Costs - Salaries and Wages	141 555 937	121 144 611
	Balance Previously Reported		122 320 126
	Correction of Error - refer to note 38.21		(1 175 515)
	Employee Related Costs - Contributions for UIF, Pension, Medical Aid Funds, WCA and Group Life Insurance	33 568 980	28 352 100
	Balance Previously Reported		27 945 433
	Correction of Error - refer to note 38.21		406 666
	Housing Benefits and Allowances	336 427	336 186
	Overtime Payments	8 446 916	7 554 847
	Performance Bonus	427 828	445 631
	Balance Previously Reported		438 120
	Correction of Error - refer to note 38.21		7 511
	Long-Service Awards	-	-
	Balance Previously Reported		203 452
	Correction of Error - refer to note 38.21		(203 452)
	Additional Pension Fund contributions per Fund rules	-	-
		184 336 088	157 833 373
	Less: Employee Costs Capitalised	(3 821 340)	(569 193)
	Total Employee Related Costs	180 514 748	157 264 181
25.1	Remuneration of the Municipal Manager		
	Annual Remuneration	769 722	728 984
	Car Allowance	145 002	150 969
	Contributions to Pension, Group Life & Medical Aid Funds	155 677	122 619
	Performance Bonuses	75 512	104 413
	Total	1 145 913	1 106 986
25.2	Remuneration of the Chief Financial Officer	8 months	10 months
	Annual Remuneration	457 587	535 000
	Car Allowance	137 160	78 608
	Contributions to Pension, Group Life & Medical Aid Funds	88 887	138 729
	Performance Bonuses	84 965	109 652
	Leave Gratuity	-	79 731
	Total	768 598	941 721
	<i>The CFO was appointed on 1 November 2012. An acting allowance was paid for the period 1 May 2012 - 31 October 2012.</i>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
25.3	Remuneration of the Director Technical Services		
	Annual Remuneration	736 424	685 200
	Car Allowance	42 783	46 990
	Contributions to Pension, Group Life & Medical Aid Funds	186 744	172 193
	Performance Bonuses	76 468	93 987
	Leave Gratuity	98 761	-
	Total	1 141 179	998 370
25.4	Remuneration of the Director Corporate Services	10 months	
	Annual Remuneration	540 822	648 940
	Car Allowance	143 999	69 913
	Contributions to Pension, Group Life & Medical Aid Funds	118 558	129 876
	Performance Bonuses	76 468	93 987
	Leave Gratuity	33 227	-
	Total	913 074	942 716
<i>The Director Corporate Services was appointed on 1 November 2012. An acting allowance was paid for the period 1 September 2012 - 31 October 2012.</i>			

25.5	Remuneration of the Director Development Services		
	Annual Remuneration	842 100	786 229
	Car Allowance	120 193	115 080
	Contributions to Pension, Group Life & Medical Aid Funds	1 569	1 547
	Performance Bonuses	84 965	79 714
	Total	1 048 826	982 570
<i>Performance bonuses paid was for the 2010/2011 financial year. Performance bonuses for the 2012/2013 financial year is provided as set out in note 15</i>			

26	REMUNERATION OF COUNCILLORS		
	Mayor	678 021	653 974
	Speaker	544 079	527 114
	Executive Committee Members	1 059 511	998 820
	Councillors	4 171 262	4 067 303
	Councillors' Pension / Medical Aid Contribution	351 070	283 873
	Total Councillors' Remuneration	6 803 942	6 531 083
	In-kind Benefits		
<i>The Mayor and Speaker are full-time councillors. Each is provided with an office and secretarial support at the cost of the Council.</i>			
<i>The Mayor has use of a Council owned vehicle for official duties.</i>			

27	CONTRIBUTIONS TO PROVISIONS		
27.1	Bad debts	6 401 289	1 729 546
	Balance Previously Reported		4 830 308
	Correction of Error - refer to note 38.22		(3 100 762)
	Total Bad Debts	6 401 289	1 729 546

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
27.2	Other contributions		
	Landfill site	6 451	2 041
	Employee Benefits - Post Retirement Medical Benefit	8 240 681	23 815 384
	Balance Previously Reported		25 432 576
	Correction of Error - refer to note 38.22		(1 617 192)
	Employee Benefits - Long Service	2 005 014	1 687 363
	Balance Previously Reported		58 592
	Correction of Error - refer to note 38.22		1 628 771
	Total Other Contributions	10 252 146	25 504 788
28	DEPRECIATION AND ASSET IMPAIRMENT		
	Depreciation on PPE	84 361 399	77 400 998
	Balance Previously Reported		109 453 226
	Correction of Error - refer to note 38.26		(32 052 229)
	Depreciation on Intangible Assets	905 447	963 337
	Impairment loss on PPE	760 922	912 347
	Balance Previously Reported		773 156
	Correction of Error - refer to note 38.27		139 190
	Total Depreciation and Asset Impairment	86 027 769	79 276 681
29	REPAIRS AND MAINTENANCE		
	Electricity Transmission and Reticulation	1 369 731	778 999
	Balance Previously Reported		641 599
	Correction of Error - refer to note 38.25		137 400
	General Vehicles	6 098 185	4 786 249
	Balance Previously Reported		4 761 572
	Correction of Error - refer to note 38.25		24 677
	Other Buildings	1 915 553	2 061 981
	Balance Previously Reported		2 046 669
	Correction of Error - refer to note 38.25		15 312
	Plant and Equipment	961 991	1 025 305
	Water Reticulation	579 461	472 210
	Balance Previously Reported		472 246
	Correction of Error - refer to note 38.25		(36)
	Other	1 814 121	1 530 389
	Balance Previously Reported		1 523 889
	Correction of Error - refer to note 38.25		6 500
	Total Repairs and Maintenance	12 739 043	10 655 133
30	FINANCE COSTS		
	Non-current borrowings	13 984 786	9 316 755
	Balance Previously Reported		9 416 932
	Correction of Error - refer to note 38.24		(100 177)
	Total Finance Costs	13 984 786	9 316 755

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
31	BULK PURCHASES		
	Electricity	120 911 854	101 576 879
	Water	2 854 495	4 600 956
	Balance Previously Reported		4 679 173
	Correction of Error - refer to note 38.23		(78 217)
	Total Bulk Purchases	123 766 349	106 177 835
	<i>Bulk purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst Water is purchased from DWAF.</i>		
32	CONTRACTED SERVICES		
	Traffic Control Contracts	710 741	762 894
	Legal Costs	1 482 637	1 809 708
	Professional Fees	4 252 080	4 724 364
	Commission Prepaid Electricity	1 251 634	1 083 463
	Balance Previously Reported		524 537
	Correction of Error - refer to note 38.2		558 926
	Rental Housing Stock	5 977 325	-
	Revenue Enhancement Project	311 640	-
	Storm Water Management Master Plan	-	556 290
	Other	1 975 802	1 272 326
	Total Contracted Services	15 961 859	10 209 044
33	GRANTS AND SUBSIDIES PAID		
	Donations	437 766	737 543
	Bursaries & Other	201 609	179 800
	Total Grants and Subsidies Paid	639 375	917 343
	<i>The Mayor makes grants available on own discretion.</i>		
	<i>Indigent Subsidy are in respect of assistance to and providing basic service levels to indigent households.</i>		
34	OPERATING PROJECTS		
	Other	983 122	506 857
	Total Operating Projects	983 122	506 857
35	GENERAL EXPENDITURE		
	General Expenditure Includes the Following		
	Advertisements	493 446	577 159
	Audit Fees	2 909 883	2 687 021
	Bank Charges	824 373	681 364

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Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
	Black Plastic Bags	1 182 383	945 464
	Chemicals and Fertilizers	2 115 148	2 035 417
	Cleaning Material	573 621	503 054
	Commission Paid	918 232	867 156
	Cultural Festival	11 750	1 164 970
	Entertainment Costs	210 862	440 405
	Fuel & Oil	8 462 579	6 174 540
	Balance Previously Reported		6 178 672
	Correction of Error - refer to note 38.19		(4 132)
	Indigent Assistance	24 838 307	20 395 229
	Balance Previously Reported		20 159 047
	Correction of Error - refer to note 38.19		236 181
	Insurance Cost	1 523 599	1 354 884
	Job Creation Activities	-	8 205
	Laboratorium Analysis	370 437	251 933

Licence Fees	664 673	577 241
Membership Fees	2 975 232	366 159
Municipal Consumption	14 400 463	14 754 400
Other General Cost	2 554 714	5 117 946
Printing & Stationery	1 242 146	1 722 438
Protective Clothing	558 955	661 657
Rental: Equipment and Machinery	675 417	2 143 993
Street Lightening	2 686 387	1 392 111
Subsistence & Travel Costs	2 141 410	3 018 734
Telephone Cost	3 120 006	3 225 860
Training	1 917 103	1 744 927
Total General Expenditure	77 371 125	72 812 268
<i>The amounts disclosed above for Other General Costs are in respect of costs incurred in the general management of the Municipality and are not direct attributable to a specific service or class of expense.</i>		

36	RECONCILIATION BETWEEN NET SURPLUS / (DEFICIT) FOR THE YEAR AND CASH GENERATED / (ABSORBED) BY OPERATIONS		
36.1	CASH GENERATED/(ABSORBED) BY OPERATIONS		
	Surplus / (Deficit) for the year	(72 208 815)	(96 456 055)
	<u>Adjustments for:</u>		
	Depreciation on Property, Plant and Equipment	84 361 399	77 400 998
	Amortisation of Intangible Assets	905 447	963 337
	Impairment written off	760 922	912 347
	Gain on disposal of property, plant and equipment	(1 119 606)	-
	Loss on disposal of property, plant and equipment	-	557
	Actuarial Gain	(819 298)	-
	Actuarial Loss	242 489	2 420 653
	Fair Value Adjustment	(1 326 500)	(6 763 500)
	Debt Impairment	6 401 289	1 729 546
	Debt Impairment - Long term receivables	-	-
	Contribution from/to Landfill Sites	6 451	2 041
	Contribution from/to Post Retirement Medical Benefits	8 240 681	23 815 384
	Contribution from/to Long-Service Awards	2 005 014	1 687 363
	Contribution from/to Landfill Sites - expenditure incurred	-	-
	Contribution from/to Post Retirement Medical Benefits - expenditure incurred	(1 874 885)	(1 708 739)
	Contribution from/to Long-Service Awards - expenditure incurred	(934 205)	(805 440)
	Contribution from/to Performance Bonus	427 828	445 631

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Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
	Contribution from/to Performance Bonus - expenditure incurred	(398 377)	(481 753)
	Adjustments for Accumulated Surplus	-	(50 845)
	Operating Surplus/(Deficit) before changes in working capital	24 669 834	3 111 524
	Changes in working capital	(3 149 238)	10 604 186
	Increase in Trade and Other Payables	1 909 318	(4 738 722)
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	6 127 559	27 441 169
	Increase/(Decrease) in Taxes	2 152 811	(2 197 160)
	(Increase)/Decrease in Inventory	160 264	(1 178 673)
	(Increase)/Decrease in Trade and other receivables	(11 755 395)	(4 447 607)
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(1 743 795)	(4 274 820)
	Cash generated/(absorbed) by operations	21 520 596	13 715 711
36.2	CASH & CASH EQUIVALENTS		
	Cash & Cash Equivalents	19 325 026	5 369 250
	Bank Overdraft	(17 650 007)	(10 297 917)
	Total Cash & Cash Equivalents	1 675 019	(4 928 667)
37	CHANGE IN ACCOUNTING POLICY		
37.1	<i>Property, Plant and Equipment</i>		
	Amount Previously Stated		4 273 000
	Reallocation of Heritage Assets from PPE due to implementation of GRAP 103 - 2010/2011 - refer to note 1.1		(4 273 000)
	Restated balance		-
37.2	<i>Heritage Assets</i>		
	Amount Previously Stated		-
	Reallocation of Heritage Assets from PPE due to implementation of GRAP 103 - 2010/2011 - refer to note 1.4		4 273 000
	Restated balance		4 273 000
38	CORRECTION OF ERROR		
38.1	<i>Adjustment to Trade and other payables</i>		
	Amount Previously Stated		46 518 869
	Provision for SARS Creditor - 2010/2011 - refer to note 16		10 893 683
	Provision for SALA Pension Fund Creditor - 2010/2011 - refer to note 16		2 259 019
	Provision for SALA Pension Fund Creditor - 2011/2012 - refer to note 16		406 666
	Correction of Agrico Creditor Overstated - 2011/2012 - refer to note 16		(8 672)
	Provision for ABSA Loan Creditor - 2011/2012 - refer to note 16		1 351 484
	Correction of Leave Understated - 2010/2011 - refer to note 16		924 052
	Correction of Leave overstated - 2011/2012 - refer to note 16		(1 175 515)
	Correction of Long-Service Awards Benefits Paid - refer to note 16		601 988
	Restated balance		61 771 573
38.2	<i>Adjustment to Unspent Conditional Grants</i>		
	Amount Previously Stated		30 364 908
	Reclassification of Health Grant to Unpaid Conditional Grants and Receipts - 2011/2012 - refer to note 17.1		(141 033)
	Reclassification of INEP to Unpaid Conditional Grants and Receipts - 2011/2012 - refer to note 17.1		(200)
	Reclassification of FMG to Unpaid Conditional Grants and Receipts - 2011/2012 - refer to note 17.1		604 338
	Reclassification of MSIG to Unpaid Conditional Grants and Receipts - 2011/2012 - refer to note 17.1		353 331
	Reclassification of Other Grant to Other Income - 2011/2012 - refer to note 17.1		(2 000)
	Restated balance		31 179 344

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Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
38.3	Employee Benefits		
	Amount Previously Stated		66 279 731
	Correction of Long-Service Awards Understated - 2010/2011 - refer to note 11		2 432 286
	Correction of Provision for Long-Service Awards Understated - 2011/2012 - refer to note 11		1 628 771
	Correction of Long-Service Awards Benefits Paid - refer to note 11		(601 988)
	Correction of Long-Service Awards Overstated in Employee Benefits - 2011/2012 - refer to note 11		(203 452)
	Correction of Actuarial Loss Understated - 2011/2012 - refer to note 11		803 461
	Restated balance		70 338 809
38.4	Inventory		
	Amount Previously Stated		6 129 001
	Correction of Fuel Overstated - 2011/2012 - refer to note 3		4 132
	Correction of Water Stock Understated - 2011/2012 - refer to note 3		78 217
	Restated balance		6 211 349
38.5	Other Receivables		
	Amount Previously Stated		9 777 671
	Reclassification of Health Grant to Unspent Grants - 2010/2011 - refer to note 5		(2 091 334)
	Reclassification of Health Grant to Unspent Grants - 2011/2012 - refer to note 5		(1 170 000)
	Restated balance		6 516 338
38.6	Short Term Investments		
	Amount Previously Stated		1 648 469
	Correction of Interest received in 2012/2013 previously disclosed in 2011/2012 - refer to note 7		(48 321)
	Correction of Investments qualifying as Cash and Cash Equivalents Overstated - 2011/2012 - refer to note 7		1 025 204
	Restated balance		2 625 353
38.7	Unpaid Conditional Grants and Receipts		
	Amount Previously Stated		-
	Correction of Health Grant - refer to note 6		3 120 300
	Reclassification of Health Grant from Other Debtors - 2010/2011 - refer to 38.5		2 091 334
	Reclassification of Health Grant from Other Debtors - 2011/2012 - refer to note 38.5		1 170 000
	Reclassification of Health Grant form Unspent Conditional Grants and Receipts - 2011/2012 - refer to note 38.2		(141 033)
	Correction of INEP - refer to note 6		196 851
	Reclassification of INEP from Unspent Conditional Grants and Receipts - 2011/2012 - refer to note 38.2		(200)
	Correction of Capital Transferred to Revenue understated - 2011/2012 - refer to note 38.17		197 051
	Reclassification of FMG from Unspent Conditional Grants and Receipts - 2011/2012 - refer to note 6		604 338
	Reclassification of MSIG from Unspent Conditional Grants and Receipts - 2011/2012 - refer to note 6		353 331
	Restated balance		4 274 820
38.8	Consumer Deposits		
	Amount Previously Stated		6 153 968
	Correction of Consumer Deposits Overstated - 2010/2011 - refer to note 13		(14 958)
	Restated balance		6 139 010
38.9	Non-Current Borrowing		
	Amount Previously Stated		81 906 797
	Correction of Non-Current Borrowing Understated - 2010/2011 - refer to note 9		58 755
	Correction of Non-Current Borrowing Overstated - 2011/2012 - refer to note 9		(1 451 661)
	Restated balance		80 513 891

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Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
38.10	Provisions		
	Amount Previously Stated		2 002 597
	Correction of Performance Bonuses Understated - 2011/2012 - refer to note 15		7 511
	Restated balance		2 010 108
38.11	Property, Plant and Equipment		
	Amount Previously Stated		2 044 452 893
	Reallocation of Repairs and Maintenance from PPE - 2011/2012 - refer to note 1.1		(183 853)
	Correction of Infrastructure Overstated - 2011/2012 - refer to note 1.1		(8 672)
	Correction of PPE at Cost Overstated - 2010/2011 - refer to note 1.1		(1 231 662 193)
	Correction of PPE at Accumulated Depreciation Overstated - 2010/2011 - refer to note 1.1		762 232 697
	Correction of Depreciation Overstated - 2011/2012 - refer to note 1.1		31 793 004
	Correction of Impairment Loss Understated - 2011/2012 - refer to note 1.1		(139 190)
	Correction of Cost Understated on other assets - 2010/2011 - refer to note 1.1		139 859
	Correction of Accumulated Depreciation Overstated on other assets - 2010/2011 - refer to note 1.1		10 502
	Correction of Depreciation Overstated on other assets - 2011/2012 - refer to note 1.1		259 225
	Restated balance		1 606 894 271
38.12	Investment Property		
	Amount Previously Stated		182 357 250
	Correction of Investment Property Understated - 2010/2011 - refer to note 1.3		25 125 200
	Correction of Fair Value Adjustment not previously disclosed - 2011/2012 - refer to note 1.3		6 763 500
	Restated balance		214 245 950
38.13	Heritage Assets		
	Amount Previously Stated		4 273 000
	Correction of Heritage Assets not previously disclosed - 2010/2011 - refer to note 1.4		4
	Restated balance		4 273 004
38.14	Trade Receivables from Exchange Transactions and Non-Exchange Transactions		
	Amount Previously Stated		36 897 285
	Correction of Provision for bad debt overstated on Trade Receivables from Exchange Transactions - 2011/2012 - refer to note 4		2 754 080
	Correction of Provision for bad debt overstated on Trade Receivables from Non-Exchange Transactions - 2011/2012 - refer to note 4		360 223
	Restated balance		40 011 588
38.15	Cash and Cash Equivalents		
	Amount Previously Stated		6 394 454
	Correction of Investments qualifying as Cash and Cash Equivalents Understated - 2011/2012 - refer to note 8		(1 025 204)
	Restated balance		5 369 250
38.16	Adjustment to Accumulated Surplus		
	Amount Previously Stated		2 031 615 364
	Correction of Commission Paid to Itron - refer to note 38.17		795 107
	Correction of Commission Paid - refer to note 38.17		(558 926)
	Correction of Fuel Overstated - refer to note 38.17		4 132
	Correction of Interest received in 2012/2013 previously disclosed in 2011/2012 - refer to note 38.17		(48 321)
	Provision for SARS Creditor - 2010/2011 - refer to note 38.1		(10 893 683)
	Correction of Leave Understated - 2010/2011 - refer to note 38.1		(924 052)
	Correction of Leave overstated - 2011/2012 - refer to note 38.17		1 175 515
	Correction of Bad Debts Collected - refer to note 38.17		13 541
	Correction of Provision for bad debts overstated - 2011/2012 - refer to note 38.17		3 100 762
	Correction of Indigent Subsidy understated - refer to note 38.17		(236 181)
	Correction of Performance Bonuses understated - refer to note 38.17		(7 511)
	Reallocation of Actuarial Loss from Provisions - refer to note 38.17		1 617 192
	Reallocation of Actuarial Loss from Provisions to Actuarial Loss - refer to note 38.17		(1 617 192)
	Correction of Long-Service Awards Understated - 2010/2011 - refer to note 38.3		(2 432 286)
	Correction of Provision for Long-Service Awards Understated - 2011/2012 - refer to note 38.17		(1 628 771)
	Correction of Long-Service Awards Overstated in Employee Benefits - 2011/2012 - refer to note 38.17		203 452

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Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
	Correction of Actuarial Loss Understated - 2011/2012 - refer to note 38.17		(803 461)
	Correction of Capital Transferred to Revenue understated - 2011/2012 - refer to note 38.17		197 051
	Correction of Bulk Purchases Overstated - 2011/2012 - refer to note 38.17		78 217
	Correction of Consumer Deposits Overstated - 2010/2011 - refer to note 38.8		14 958
	Reclassification of Other Grant to Other Income - 2011/2012 - refer to note 38.2		2 000
	Provision for SALA Pension Fund Creditor - 2010/2011 - refer to note 38.1		(2 259 019)
	Provision for SALA Pension Fund Creditor - 2011/2012 - refer to note 38.1		(406 666)
	Reallocation of VAT i.t.o. Circular 48 from Government Grants and Subsidies to Transfers Recognised - Capital - 2011/2012 - refer to note 38.17		1 010 409
	Reallocation of VAT i.t.o. Circular 48 to Transfers Recognised - Capital - 2011/2012 - refer to note 38.17		(1 010 409)
	Correction of Non-Current Borrowing Understated - 2010/2011 - refer to note 38.9		(58 755)
	Correction of Finance Charges Overstated - 2011/2012 - refer to note 38.17		100 177
	Reallocation of Repairs and Maintenance from PPE - 2011/2012 - refer to note 38.17		(183 853)
	Correction of Heritage Assets not previously disclosed - 2010/2011 - refer to note 38.13		4
	Correction of Investment Property Understated - 2010/2011 - refer to note 38.12		25 125 200
	Correction of Fair Value Adjustment not previously disclosed - 2011/2012 - refer to note 38.17		6 763 500
	Correction of PPE at Cost Overstated - 2010/2011 - refer to note 38.11		(1 231 662 193)
	Correction of PPE at Accumulated Depreciation Overstated - 2010/2011 - refer to note 38.11		762 232 697
	Correction of Depreciation Overstated - 2011/2012 - refer to note 38.17		31 793 004
	Correction of Impairment Loss Understated - 2011/2012 - refer to note 38.17		(139 190)
	Correction of Cost Understated on other assets - 2010/2011 - refer to note 38.11		139 859
	Correction of Accumulated Depreciation Overstated on other assets - 2010/2011 - refer to note 38.11		10 502
	Correction of Depreciation Overstated on other assets - 2011/2012 - refer to note 38.17		259 225
	Restated balance		1 611 381 399
38.17	Adjustment to Statement of Financial Performance		
	Amount Previously Stated		(136 928 857)
	Correction of Commission Paid to Itron - refer to note 38.18		795 107
	Correction of Commission Paid - refer to note 38.2		(558 926)
	Correction of Fuel Overstated - refer to note 38.19		4 132
	Correction of Interest received in 2012/2013 previously disclosed in 2011/2012 - refer to 38.6		(48 321)
	Correction of Leave overstated - 2011/2012 - refer to note 38.21		1 175 515
	Correction of Bad Debts Collected - refer to note 38.14		13 541
	Correction of Provision for bad debts overstated - 2011/2012 - refer to note 38.22		3 100 762
	Correction of Indigent Subsidy understated - refer to note 38.19		(236 181)
	Correction of Performance Bonuses understated - refer to note 38.21		(7 511)
	Reallocation of Actuarial Loss from Provisions - refer to note 38.3		1 617 192
	Reallocation of Actuarial Loss from Provisions to Actuarial Loss - refer to note 38.22		(1 617 192)
	Correction of Provision for Long-Service Awards Understated - 2011/2012 - refer to note 38.22		(1 628 771)
	Correction of Long-Service Awards Overstated in Employee Benefits - 2011/2012 - refer to note 38.21		203 452
	Correction of Actuarial Loss Understated - 2011/2012 - refer to note 38.3		(803 461)
	Correction of Capital Transferred to Revenue understated - 2011/2012 - refer to note 38.7		197 051
	Correction of Bulk Purchases Overstated - 2011/2012 - refer to note 38.23		78 217
	Reclassification of Other Grant to Other Income - 2011/2012 - refer to note 23		2 000
	Provision for SALA Pension Fund Creditor - 2011/2012 - refer to note 38.21		(406 666)
	Reallocation of VAT i.t.o. Circular 48 from Government Grants and Subsidies to Transfers Recognised - Capital - 2011/2012 - refer to note 23		1 010 409
	Reallocation of VAT i.t.o. Circular 48 to Transfers Recognised - Capital - 2011/2012 - refer to note 23		(1 010 409)
	Correction of Finance Charges Overstated - 2011/2012 - refer to note 38.24		100 177
	Reallocation of Repairs and Maintenance from PPE - 2011/2012 - refer to note 38.25		(183 853)
	Correction of Fair Value Adjustment not previously disclosed - 2011/2012 - refer to note 1.3		6 763 500
	Correction of Depreciation Overstated - 2011/2012 - refer to note 38.26		31 793 004
	Correction of Impairment Loss Understated - 2011/2012 - refer to note 38.27		(139 190)
	Correction of Depreciation Overstated on other assets - 2011/2012 - refer to note 38.26		259 225
	Restated balance		(96 456 055)
38.18	Adjustment to Service Charges		
	Amount Previously Stated		248 713 460
	Correction of Commission Paid to Itron - refer to note 22		795 107
	Restated balance		249 508 566
38.19	Adjustment to General Expenditure		
	Amount Previously Stated		72 580 218
	Correction of Fuel Overstated - refer to note 35		(4 132)
	Correction of Indigent Subsidy understated - refer to note 35		236 181
	Restated balance		72 812 268

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Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
38.20	Adjustment to Contracted Services		
	Amount Previously Stated		9 650 118
	Correction of Commission Paid - refer to note 32		558 926
	Restated balance		10 209 044
38.21	Adjustment to Employee Related Costs		
	Amount Previously Stated		158 228 971
	Correction of Leave overstated - 2011/2012 - refer to note 25		(1 175 515)
	Correction of Performance Bonuses understated - refer to note 25		7 511
	Correction of Benefits Paid from Long-Service Awards - 2011/2012 - refer to note 25		(203 452)
	Provision for SALA Pension Fund Creditor - 2011/2012 - refer to note 25		406 666
	Restated balance		157 264 181
38.22	Contribution to Provisions for Bad Debts and		
	Amount Previously Stated		30 323 516
	Correction of Provision for bad debts overstated - 2011/2012 - refer to note 27.1		(3 100 762)
	Reallocation of Actuarial Loss on PEMA from Provisions to Actuarial Loss - refer to note 27.2		(1 617 192)
	Correction of Contribution towards LSA understated - refer to note 27.2		1 628 771
	Restated balance		27 234 334
38.23	Bulk Purchases		
	Amount Previously Stated		106 256 052
	Correction of Bulk Purchases Overstated - 2011/2012 - refer to note 31		(78 217)
	Restated balance		106 177 835
38.24	Finance Charges		
	Amount Previously Stated		9 416 932
	Correction of Finance Charges Overstated - 2011/2012 - refer to note 30		(100 177)
	Restated balance		9 316 755
38.25	Repairs and Maintenance		
	Amount Previously Stated		10 471 280
	Correction of Finance Charges Overstated - 2011/2012 - refer to note 29		183 853
	Restated balance		10 655 133
38.26	Asset Depreciation		
	Amount Previously Stated		110 416 563
	Correction of Depreciation Overstated - 2011/2012 - refer to note 28		(32 052 229)
	Restated balance		78 364 335
38.27	Asset Impairment		
	Amount Previously Stated		773 156
	Correction of Impairment Loss Understated - 2011/2012 - refer to note 28		139 190
	Restated balance		912 347
39	RETIREMENT BENEFIT INFORMATION		
	All councillors and employees belong to retirement and pension funds approved by the South African Local Government Bargaining Council. These funds are subject to regular actuarial valuation. These funds are run by their own Board of Directors and each fund have their own rules, compliant to legislation, that they must adhere to.		

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Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
40	ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT		
40.1	<i>Contributions to Organised Local Government</i>		
	Opening Balance	-	-
	Council Subscriptions	2 813 148	358 021
	Amount Paid - Current Year	(1 209 737)	(358 021)
	Balance Unpaid (Included in Creditors)	1 603 411	-
40.2	<i>Audit Fees</i>		
	Opening Balance	-	22 189
	Current Year Audit Fees	3 193 858	2 758 271
	Amount Paid - Current Year C00238	(3 187 751)	(2 780 460)
	Balance Unpaid (Included in Creditors)	6 107	-
40.3	<i>VAT</i>		
	VAT input receivables and VAT output receivables are shown in note 19. All VAT returns have been submitted by the due date throughout the year.		
40.4	<i>PAYE</i>		
	Opening Balance	1 804	-
	Current Year Payroll Deductions	16 082 188	14 671 769
	Amount Paid - Current Year	(16 083 992)	(14 669 965)
	Balance Unpaid (Included in Creditors)	-	1 804
40.5	<i>Pension and Medical Aid Deductions</i>		
	Opening Balance	2 804	-
	Current Year Payroll Deductions and Council Contributions	45 419 663	38 496 323
	Amount Paid - Current Year	(45 422 467)	(38 493 519)
	Balance Unpaid (Included in Creditors)	-	2 804
40.6	<i>UIF Payments</i>		
	Opening Balance	1 170	-
	Current Year Payroll Deductions and Council Contributions	2 186 298	2 001 656
	Amount Paid - Current Year	(2 181 809)	(2 000 485)
	Balance Unpaid (Included in Creditors)	5 658	1 170
40.7	<u>Councillor's Consumer Accounts in arrear older than 90 days</u>		
	Cllr M Kock	-	420
		-	420
40.8	<i>Irregular Expenditure</i>		
	Reconciliation of irregular expenditure:		
	Opening balance	20 424 102	70 675 259
	Irregular expenditure current year	20 789 535	20 424 102
	Condoned by Council	(20 424 102)	(70 675 259)
	Irregular expenditure awaiting further action	20 789 535	20 424 102

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Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R																
	<table><tr><th>Incident</th><th>Disciplinary steps/criminal proceedings</th></tr><tr><td>Quotations not obtained from service providers</td><td>None</td></tr><tr><td>Deviations from Supply Chain not yet approved by Council (Direct Payments)</td><td>None</td></tr><tr><td>Quotations which amounts were more than the formal quotation threshold</td><td>None</td></tr><tr><td>Deviations not properly motivated</td><td>None</td></tr><tr><td>Quotations awarded in contraventions with the CIDB regulations</td><td>None</td></tr><tr><td>Supplier in service of the State - Uthador AGT - I J W Maasdorp</td><td>None</td></tr><tr><td>Tender evaluated with the wrong BBBEE point system</td><td>None</td></tr></table>	Incident	Disciplinary steps/criminal proceedings	Quotations not obtained from service providers	None	Deviations from Supply Chain not yet approved by Council (Direct Payments)	None	Quotations which amounts were more than the formal quotation threshold	None	Deviations not properly motivated	None	Quotations awarded in contraventions with the CIDB regulations	None	Supplier in service of the State - Uthador AGT - I J W Maasdorp	None	Tender evaluated with the wrong BBBEE point system	None	7 745 098.87 1 181 729.16 - 9 745 971.67 - - 2 116 734.90	5 208 974.00 5 088 031.58 908 593.98 8 734 510.00 455 062.01 28 930.00 -
Incident	Disciplinary steps/criminal proceedings																		
Quotations not obtained from service providers	None																		
Deviations from Supply Chain not yet approved by Council (Direct Payments)	None																		
Quotations which amounts were more than the formal quotation threshold	None																		
Deviations not properly motivated	None																		
Quotations awarded in contraventions with the CIDB regulations	None																		
Supplier in service of the State - Uthador AGT - I J W Maasdorp	None																		
Tender evaluated with the wrong BBBEE point system	None																		
		20 789 535	20 424 102																
40.9	Fruitless and Wasteful Expenditure																		
	Definition as per Municipal Finance Management Act: "fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;																		
	The following fruitless and wasteful expenditure have been incurred by the municipality for the year under review:																		
	Reconciliation of fruitless and wasteful expenditure:	Total 30 June 2013	Total 30 June 2012																
	Opening balance	106 910	156 386																
	Fruitless and wasteful expenditure current year	6 130	160 588																
	Condoned by Council	(6 107)	(210 064)																
	Fruitless and wasteful expenditure awaiting further action	106 933	106 910																
	<table><tr><th>Incident</th><th>Disciplinary steps/criminal proceedings</th></tr><tr><td>Commitment fees - All loans not taken up as per agreement</td><td>None</td></tr><tr><td>Interest on ABSA Savings Accounts</td><td>None</td></tr><tr><td>Interest on late payment of creditors</td><td>None</td></tr><tr><td>Interest on late payment of DBSA</td><td>None</td></tr></table>	Incident	Disciplinary steps/criminal proceedings	Commitment fees - All loans not taken up as per agreement	None	Interest on ABSA Savings Accounts	None	Interest on late payment of creditors	None	Interest on late payment of DBSA	None	- 17 6 107 -	129 724 - 19 246 11 618						
Incident	Disciplinary steps/criminal proceedings																		
Commitment fees - All loans not taken up as per agreement	None																		
Interest on ABSA Savings Accounts	None																		
Interest on late payment of creditors	None																		
Interest on late payment of DBSA	None																		
		6 124	160 588																
41.10	Unauthorised																		
	Reconciliation of unauthorised expenditure:	Total 30 June 2013	Total 30 June 2012																
	Opening Balance	123 523 412	5 610 888																
	Condoned by Council	-	(5 610 888)																
	Unauthorised expenditure current year	11 214 182	123 523 412																
	Unauthorised expenditure awaiting authorisation/Condonement	134 737 594	123 523 412																
	<table><tr><th>Incident</th><th>Disciplinary steps/criminal proceedings</th></tr><tr><td>Over expenditure of votes: non-cash items 2011/2012</td><td>None</td></tr><tr><td>Over expenditure of votes: cash items 2011/2012</td><td>None</td></tr><tr><td>Over expenditure of votes: non-cash items 2012/2013</td><td>None</td></tr><tr><td>Over expenditure of votes: cash items 2012/2013</td><td>None</td></tr></table>	Incident	Disciplinary steps/criminal proceedings	Over expenditure of votes: non-cash items 2011/2012	None	Over expenditure of votes: cash items 2011/2012	None	Over expenditure of votes: non-cash items 2012/2013	None	Over expenditure of votes: cash items 2012/2013	None	118 656 750 4 866 662 5 759 169 7 419 951	118 656 750 4 866 662 - -						
Incident	Disciplinary steps/criminal proceedings																		
Over expenditure of votes: non-cash items 2011/2012	None																		
Over expenditure of votes: cash items 2011/2012	None																		
Over expenditure of votes: non-cash items 2012/2013	None																		
Over expenditure of votes: cash items 2012/2013	None																		
		136 702 533	123 523 412																
41.11	Non-Compliance with the Municipal Finance Management Act																		
	The following non-compliances with the Municipal Finance Management Act occurred during the year under review:																		
	Section 62(1)(d) Unauthorised, irregular and fruitless and wasteful expenditure other losses were not prevented																		
	Section 65(2)(a) & (b): System for an effective expenditure control not always ensured																		
	Section 65(2): Creditors not paid within 30 days																		
	Section 63(1)(a) & 63(2)(a): Safeguarding of assets not fully effective. Risk areas are being addressed																		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R	
41	RELATED PARTIES			
41.1	Related party relationships exist between the municipality and the following parties: Mayor, Speaker , Councillors, Municipal Manager and Section 57 Managers.			
	Related party transactions			
	During the year the municipality rendered services to the following related parties that are related to the municipality as indicated			
	Com	Rates	Services charges & Other levies	Total 30 June 2013
	Services rendered to related parties:			
	Councillors	43 878	125 183	169 061
	Municipal Manager & Sect 57 appointments	13 752	43 974	57 726
		57 630	169 157	226 786
	30 June 2012	Rates	Services charges & Other levies	Total 30 June 2012
	Services rendered to related parties:			
	Councillors	47 468	122 196	169 664
	Municipal Manager & Sect 57 appointments	23 516	45 920	69 436
		70 985	168 116	239 100
	The rates, service and other charges are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised. The amounts outstanding are unsecured and will be settled in cash. Consumer deposits were received from Councillors, the Municipal Manager and section 57 personnel.			
	Related party transactions			
	The following business transactions were concluded with businesses where a councillor are a member or a director of the company.			
	Company's Name	Councillor / Employee	Total 30 June 2013	Total 30 June 2012
	Van der Steen: Pomp en Pyp	PT van der Steen is a Councillor and owner of Van Der Steen Pomp en Pyp	-	1 220
	Help-U-Agency	S Esau Owner of Help-U-Agencies is the father of EJJ Esau who is the Manager: SCM	55 834	30 000
			55 834	31 220
	The compensation of key management personnel is set out in note 25			
41.2	Related Party Loans			
	Loans to senior management employees are no longer permitted since 1 July 2004			
42	CAPITAL COMMITMENTS			
	Commitments in Respect of Capital Expenditure:			
	Approved and Contracted for -			
	Infrastructure	68 966 590	5 338 932	
	Community	1 533 409	2 928 116	
	Other	6 876 146	68 024	
		77 376 145	8 335 072	

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
	Approved but not yet Contracted for -	65 814 924	81 027 579
	Infrastructure	52 650 227	71 327 579
	Community	3 985 233	2 850 000
	Other	9 179 464	6 850 000
	Total	143 191 069	89 362 651
	This expenditure will be financed from:		
	External Loans	49 618 002	4 350 643
	Government Grants	85 489 077	42 366 067
	Own Resources	8 083 990	42 645 941
		143 191 069	89 362 651
	<i>The Funding to finance the capital commitment are secured.</i>		
43	CONTINGENT LIABILITIES	74 053	9 365 920
	//Khara Hais Municipality, K Sani & M Eland / Delida Nugent	-	100 000
	<i>Applicant claims unlawful arrest against //Khara Hais Municipality. Claim to be defended</i>		
	//Khara Hais Municipality / SA Local Authorities Pension Fund	-	1 227 942
	<i>Claim for amounts allegedly not paid to SALA Pension Fund. Claim to be defended.</i>		
	//Khara Hais Municipality / Holtzhausen Familie Trust	-	40 100
	<i>Claims for damages to property of the applicant. Claim to be defended</i>		
	Claim from JHJ Van Niekerk	-	28 030
	<i>Claim for burns to Mr Van Niekerk's son at Eiland Resort. //Khara Hais Municipality lost the case, but an appeal was lodged.</i>		
	//Khara Hais Municipality / Tauris Garden Trading 500 CC	-	7 554 163
	<i>A road-work tender awarded to Tauris Garden Trading 500 CC. Applicant could not comply with tender conditions, and tender was cancelled by means of a court order before any work was done. Applicant lodged an appeal.</i>		
	//Khara Hais Municipality / B Kock	-	-
	<i>Application for interdict against B Kock</i>		
	//Khara Hais Municipality / SA Music Rights Organisation Ltd	66 053	15 685
	<i>Claim for loss of revenue relating to copyright.</i>		
	//Khara Hais Municipality / Arrie Jors	-	100 000
	<i>Claim for improper eviction and property damages. Claim to be defended. Amount unknown but will not be less than mentioned amount.</i>		
	//Khara Hais Municipality / AC Pool	-	300 000
	<i>Claim for injuries occurred on pavement</i>		
	//Khara Hais Municipality / JF Bredenhand	8 000	-
	<i>Claim for injuries occurred in motor vehicle accident</i>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
44	CONTINGENT ASSET		
	<i>//Khara Hais Municipality / J Modisi</i>	<u>-</u>	<u>-</u>
	<i>Claims for fraudulent payments made against houses repaired. Investigation ongoing and amount unknown</i>		
45	COMPARISON WITH THE BUDGET		
	The municipality's actual financial performance compared with the approved budgeted is set out in the budget comparison sheets.		
46	<u>Distribution Losses:</u>		
46.1	<u>Electricity</u>		
	Electricity distribution losses comprises of technical and non-technical losses.		
	Technical losses, as defined in the NRS 080:2004, are losses on the electrical network due to the resistivity of the conductors and the energisation of transformers. Calculation of the technical losses of the municipal network which consists of urban and rural networks, applying the methodology in the NRS 080:2004, results in an estimated technical loss of 9.25%.		
	Non-technical losses are losses due to theft, faulty meters and billing errors and is calculated by subtracting technical losses from the total losses.		
	A total of 193,132,077 units of kWh were purchased and a total of 173,830,376 units of kWh were sold. Therefore a distribution loss of 19,301,701 units or 9.99% were suffered by //Khara Hais Municipality for the 2012-2013 financial year. The value of these losses at cost price amounts to R 11,847,978.10.		
46.2	<u>Water</u>		
	A total of 14 571 286 kl of water were produced and a total of 8 773 173 kl of water were sold. This represents a non-revenue water figure of 39.9% for the 2012/2013 financial year. The non-revenue water for 2011/2012 was 39.4%.		
	The high non-revenue figures stems primarily from the fact that //Khara Hais Municipality has about 3 000 house connections (informal settlements on formal sites) without water meters and about 940 customers (informal settlements on formal sites) receiving water from standpipes in the streets.		
47	FINANCIAL RISK MANAGEMENT		
	The activities of the municipality expose it to a variety of financial risks, including market risk (comprising currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.		
47.1	<i>Foreign Exchange Currency Risk</i>		
	The Municipality does not engage in foreign currency transactions.		
47.2	<i>Price Risk</i>		
	the Municipality is not exposed to price risk		
47.3	<i>Interest Rate Risk</i>		
	As the Municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.		
	The Municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/(deficit) for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
	The Municipality did not hedge against any interest rate risks during the current year.		
	The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
	1% (2013 - 1%) Increase in interest rates	(1 437 658)	(971 620)
	0.5% (2013 - 0.5%) Decrease in interest rates	718 829	485 810
47.4	Credit Risk		
	Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur a financial loss.		
	Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.		
	Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed acrossed different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due to the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practise this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.		
	All rates and services are payable within 30 days from invoice date. Refer to note 4 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.		
	Due to the short term nature of receivables the carrying value disclosed in note 4 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at a rate approved by Council.		
		2013	2013
	The provision for bad debts could be allocated between the different classes of debtors as follows:		2012
		%	R
		%	R
	Non-Exchange Receivables		
	Rates	11.14%	(1 155 646)
			13%
			624 892
	Exchange Receivables		
	Service Charges	88.86%	(9 218 913)
			87%
		100.00%	(10 374 559)
			100.00%
			4 741 354
	Bad debts written off per debtor class:		
	Non-Exchange Receivables		
	Rates	0.00%	-
			0.00%
			-
	Exchange Receivables		
	Service Charges	100.00%	14 061 824
			100.00%
		100.00%	14 061 824
			100.00%
			4 333 669
			4 333 669
	The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.		
	Receivables from Exchange Transactions and Receivables from Non-Exchange Transactions are individually evaluated annually at year end for impairment.		
	Financial assets exposed to credit risk at year end are as follows:	2013 R	2012 R
	Long Term Receivables	28 698	1 863
	Receivables from Exchange Transactions	43 844 148	36 465 930
	Receivables from Non-Exchange Transactions	3 690 956	3 545 658
	Cash and Cash Equivalents	19 325 026	5 369 250
		66 888 829	45 382 700

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R																																													
47.5	Liquidity Risk Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines. The entity's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. <table><thead><tr><th></th><th>Less than 1 year</th><th>Between 2 and 5 years</th><th>Between 6 and 10 years</th><th>Over 10 years</th></tr></thead><tbody><tr><td>2013</td><td>101 981 484</td><td>31 930 254</td><td>7 430 541</td><td>58 814 051</td></tr><tr><td>Long Term Liabilities</td><td>993 690</td><td>31 930 254</td><td>7 430 541</td><td>58 814 051</td></tr><tr><td>Payables from Exchange Transactions</td><td>63 680 891</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Unspent Conditional Grants and Receipts</td><td>37 306 903</td><td>-</td><td>-</td><td>-</td></tr><tr><td>2012</td><td>92 950 917</td><td>19 205 095</td><td>8 034 938</td><td>59 299 503</td></tr><tr><td>Long Term Liabilities</td><td>-</td><td>19 205 095</td><td>8 034 938</td><td>59 299 503</td></tr><tr><td>Payables from Exchange Transactions</td><td>61 771 573</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Unspent Conditional Grants and Receipts</td><td>31 179 344</td><td>-</td><td>-</td><td>-</td></tr></tbody></table>		Less than 1 year	Between 2 and 5 years	Between 6 and 10 years	Over 10 years	2013	101 981 484	31 930 254	7 430 541	58 814 051	Long Term Liabilities	993 690	31 930 254	7 430 541	58 814 051	Payables from Exchange Transactions	63 680 891	-	-	-	Unspent Conditional Grants and Receipts	37 306 903	-	-	-	2012	92 950 917	19 205 095	8 034 938	59 299 503	Long Term Liabilities	-	19 205 095	8 034 938	59 299 503	Payables from Exchange Transactions	61 771 573	-	-	-	Unspent Conditional Grants and Receipts	31 179 344	-	-	-		
	Less than 1 year	Between 2 and 5 years	Between 6 and 10 years	Over 10 years																																												
2013	101 981 484	31 930 254	7 430 541	58 814 051																																												
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Payables from Exchange Transactions	63 680 891	-	-	-																																												
Unspent Conditional Grants and Receipts	37 306 903	-	-	-																																												
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Long Term Liabilities	-	19 205 095	8 034 938	59 299 503																																												
Payables from Exchange Transactions	61 771 573	-	-	-																																												
Unspent Conditional Grants and Receipts	31 179 344	-	-	-																																												
48	FINANCIAL INSTRUMENTS In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:	2013 R	2012 R																																													
48.1	Financial Assets <i>Financial instruments at amortised cost</i> Long Term Receivables Receivables from Exchange Transactions Receivables from Non-Exchange Transactions Current Portion of Long Term Receivables Cash and Cash Equivalents	28 698 43 844 148 3 690 956 6 263 19 325 026 <u>66 895 091</u>	1 863 36 465 930 3 545 658 19 587 5 369 250 <u>45 402 288</u>																																													
48.2	Financial Liability <i>Financial instruments at amortised cost</i> Long Term Liabilities Payables from Exchange Transactions Current Portion of Long Term Liabilities Cash and Cash Equivalents	131 067 513 63 680 891 14 367 491 17 650 007 <u>226 765 902</u>	70 206 788 61 771 573 11 713 725 10 297 917 <u>153 990 004</u>																																													
49	EVENTS AFTER REPORTING DATE																																															
49.1	The Municipality has no significant events after reporting date to report on.																																															

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2013

Note	Description	2013 R	2012 R
50	Going Concern	2013	2012
	Deficit for the year	72 208 815	136 928 857
	<p>During the period 2008/2009 to 2009/2010 the Municipality utilised the transitional provisions of Directive 4 issued by the Accounting Standards Board; which allowed the Municipality three years to recognise assets under the previous basis of accounting utilised by Municipalities. However, for the 2010/2011 financial year and retrospectively for two years the Municipality had to apply the new required Accounting Standards to recognise their assets. The result was that these assets were recognised at its current depreciated replacement cost; which resulted in a significant increase in the accumulated surplus. Due to the significant increase in the value of assets; depreciation subsequently increased as well. Thus, although the increase in depreciation has resulted in a deficit, this deficit is set-off against the large accumulated surplus that has been created. The off-setting depreciation must go – according to the approved GRAP Accounting Standards – through the Statement of Financial Performance and may not be off-set directly against the Statement of Changes in Net Assets. The deficit is thus funded by the accumulated surplus in the Statement of Changes in Net Assets; and, thus this will influence the setting of tariffs in the future.</p>		
	Current Assets less current liabilities	(62 336 640)	(62 256 088)
	<p>It is noted with real concern that the current assets is R 62 336 640 (2012: 38 118 402) less than the current liabilities. Management are looking at ways to that will improve our current ratio of 0.42:1 (2012: 0.56:1) to a more favourable current ratio of 1:1.</p> <p>As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.</p> <p>Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.</p>		

//KHARA HAIS MUNICIPALITY

APPENDIX A: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

External Loans	Loan Number	Redeemable	Loan term	Interest Rate (Fixed)	Balance at 01/07/2012	Received During the Period	Re-allocations	Other Costs	Interest Levied	Redeemed During the Period	Payment not processed in time	Balance at 30/06/2013
					R	R				R		R
Annuity Loans												
Development Bank of SA	exl 2	31/03/2015	20 years	12.00%	742 057	-	-	-	78 581	(297 618)	-	523 020
Development Bank of SA	exl 1	31/03/2021	20 years	16.50%	8 034 938	-	-	-	1 305 649	(1 910 046)	-	7 430 541
Development Bank of SA	GA2036	31/12/2012	7 years	12.98%	1 311 467	-	-	-	161 459	(479 236)	-	993 690
Development Bank of SA	GA2037	31/12/2028	20 years	12.59%	33 680 997	987 871	(729 338)	2 965	4 240 338	(4 943 999)	-	33 238 834
Development Bank of SA	GA2038	31/12/2023	15 years	6.75%	25 618 507	868 222	729 338	1 239	1 803 887	(3 445 976)	-	25 575 217
ABSA Bank	40-6309-6496	31/08/2015	10 years	10.04%	1 319 156	-	-	-	120 100	(478 934)	-	960 323
ABSA Bank	40-6353-0507	02/11/2015	10 years	10.07%	950 397	-	-	-	85 381	(319 718)	-	716 060
ABSA Bank	40-6396-1623	31/12/2015	10 years	10.12%	2 322 588	-	-	-	222 474	(800 664)	-	1 744 399
ABSA Bank	40-6447-8475	29/02/2016	10 years	10.17%	2 492 514	-	-	-	234 028	(802 957)	-	1 923 585
ABSA Bank	30-3213-8054	30-09-2015	5 years	9.60%	2 028 680	-	-	-	172 030	(784 730)	-	1 415 980
ABSA Bank	30-3213-9212	30-09-2015	5 years	9.60%	8 038 236	-	-	-	673 743	-	(2 702 969)	6 009 010
Standard Bank	310-634-334	20-01-2017	5 years	10.00%	5 688 079	16 968 232	-	-	1 976 481	(5 994 915)	-	18 637 878
Standard Bank	310-840-708	31-12-2027	15 years	11.35%	-	46 800 000	-	-	2 757 584	(3 291 117)	-	46 266 467
TOTAL EXTERNAL LOANS					92 227 616	65 624 326	-	4 204	13 831 735	(23 549 908)	(2 702 969)	145 435 004

//KHARA HAIS MUNICIPALITY

APPENDIX B: ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2013

	Restated Opening Balance	Cost / Revaluation			Closing Balance	Restated Opening Balance	Accumulated Depreciation				Closing Balance	Carrying Value
		Additons	Under Construction	Disposals			Additons	Disposals	Impairment			
<u>Land and Buildings</u>												
Land and Buildings	181 070 007	2 577 774	3 270 214	-	186 917 996	(17 595 010)	(4 509 888)	-	-	(22 104 898)	164 813 097	
Balance Previously Reported	238 810 494	2 577 774	3 270 214	-	244 658 482	(22 948 318)	(4 509 888)			(27 458 206)	217 200 277	
Correction of Error - refer to note 38.11	(67 665 568)	-	-	-	(67 665 568)	6 610 319	-	-	-	6 610 319	(61 055 249)	
Transferred	9 925 082				9 925 082	(1 257 012)				(1 257 012)	8 668 070	
	181 070 007	2 577 774	3 270 214	-	186 917 996	(17 595 010)	(4 509 888)	-	-	(22 104 898)	164 813 097	
<u>Infrastructure</u>												
Roads and Storm Water	621 438 069	15 673 904	4 986 214	-	642 098 187	(94 512 654)	(24 570 666)	-	(248 973)	(119 332 294)	522 765 893	
Balance Previously Reported	1 112 238 575	15 673 904	4 986 214		1 132 898 693	(334 707 189)	(24 570 666)		(248 973)	(359 526 829)	773 371 864	
Correction of Error - refer to note 38.11	(490 800 506)	-	-	-	(490 800 506)	240 194 535	-	-	-	240 194 535	(250 605 971)	
Electricity	355 942 264	9 286 739	12 427 745	-	377 656 749	(61 707 152)	(15 907 353)	-	(30 267)	(77 644 772)	300 011 977	
Balance Previously Reported	587 357 678	9 286 739	12 427 745		609 072 163	(260 214 465)	(15 907 353)		(30 267)	(276 152 085)	332 920 078	
Correction of Error - refer to note 38.11	(231 415 414)	-	-	-	(231 415 414)	198 507 219	-	-	-	198 507 219	(32 908 195)	
Transferred	-	-	-	-	-	94	-	-	-	94	94	
Sewerage Mains & Purification	170 046 307	52 205	515 817	-	170 614 329	(29 935 233)	(7 529 792)	-	-	(37 465 025)	133 149 304	
Balance Previously Reported	330 649 174	52 205	515 817		331 217 196	(192 920 150)	(7 529 792)			(200 449 942)	130 767 254	
Correction of Error - refer to note 38.11	(160 602 867)	-	-	-	(160 602 867)	162 984 917	-	-	-	162 984 917	2 382 050	
Water Mains & Purification	429 875 891	505 810	1 083 783	-	431 465 485	(51 251 252)	(12 843 320)	-	(17 318)	(64 111 891)	367 353 594	
Balance Previously Reported	634 207 315	505 810	1 083 783		635 796 909	(190 542 624)	(12 843 320)		(17 318)	(203 403 262)	432 393 647	
Correction of Error - refer to note 38.11	(204 331 424)	-	-	-	(204 331 424)	139 291 371	-	-	-	139 291 371	(65 040 053)	
Solid waste	4 355 940	-	-	-	4 355 940	(2 139 828)	(552 858)	-	-	(2 692 686)	1 663 254	
Balance Previously Reported	8 584 050	-	-		8 584 050	(6 686 722)	(552 858)			(7 239 580)	1 344 469	
Correction of Error - refer to note 38.11	(4 228 110)	-	-	-	(4 228 110)	4 546 894	-	-	-	4 546 894	318 784	
Railway infrastructure	12 358 701	-	-	-	12 358 701	(4 943 480)	(1 235 870)	-	-	(6 179 351)	6 179 350	
Balance Previously Reported	56 500 160	-	-		56 500 160	(31 286 475)	(1 235 870)			(32 522 345)	23 977 815	
Correction of Error - refer to note 38.11	(44 141 459)	-	-	-	(44 141 459)	26 342 995	-	-	-	26 342 995	(17 798 464)	
	1 594 017 172	25 518 658	19 013 560	-	1 638 549 390	(244 489 600)	(62 639 860)	-	(296 558)	(307 426 018)	1 331 123 372	

Community assets

Community Assets	58 400 365	7 480 694	4 688 889	-	70 569 948	(9 498 178)	(2 722 956)	-	(464 364)	(12 685 498)	57 884 450
Balance Previously Reported	86 736 147	7 480 694	4 688 889		98 905 730	(24 906 437)	(2 722 956)		(464 364)	(28 093 757)	70 811 973
Correction of Error - refer to note 38.11	(28 340 377)	-	-	-	(28 340 377)	15 408 259	-	-	-	15 408 259	(12 932 118)
Transferred	4 595				4 595	-	-	-		-	4 595
	58 400 365	7 480 694	4 688 889	-	70 569 948	(9 498 178)	(2 722 956)	-	(464 364)	(12 685 498)	57 884 450

Heritage Assets

Heritage Assets	-	-	-	-	-	-	-	-	-	-	-
Balance Previously Reported	4 273 000	-	-		4 273 000	-	-		-	-	4 273 000
Change in Accounting Policy - refer to note 37.1	(4 273 000)	-	-	-	(4 273 000)	-	-	-	-	-	(4 273 000)
	-	-	-	-	-	-	-	-	-	-	-

Other Assets

Site Furniture	-	-	-	-	-	-	-	-	-	-	-
Balance Previously Reported	9 789 645	-	-	-	9 789 645	(1 257 012)	-	-	-	(1 257 012)	8 532 633
Transferred	(9 789 645)	-	-	-	(9 789 645)	1 257 012	-	-	-	1 257 012	(8 532 633)
Vehicles and Movable Assets	64 571 133	7 468 528	-	(462 134)	71 577 527	(19 771 326)	(14 488 696)	279 093	-	(33 980 928)	37 596 598
Balance Previously Reported	64 900 297	7 468 528	-	(462 134)	71 906 691	(20 040 959)	(14 488 696)	279 093	-	(34 250 561)	37 656 130
Correction of Error - refer to note 38.11	139 862	-	-	-	139 862	269 727	-	-	-	269 727	409 589
Transferred	(469 027)	-	-	-	(469 027)	(94)	-	-	-	(94)	(469 121)
Other Fixed Assets	215 793	-	-	-	215 793	(26 083)	-	-	-	(26 083)	189 710
	64 786 926	7 468 528	-	(462 134)	71 793 320	(19 797 409)	(14 488 696)	279 093	-	(34 007 011)	37 786 309
GRAND TOTAL	1 898 274 471	43 045 655	26 972 663	(462 134)	1 967 830 654	(291 380 198)	(84 361 399)	279 093	(760 922)	(376 223 426)	1 591 607 229

//KHARA HAIS MUNICIPALITY

APPENDIX D: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
41 259 958	45 573 531	(4 313 574)	Executive & Council	49 207 423	28 510 479	20 696 944
76 172 279	42 820 882	33 351 397	Budget & Treasury	91 350 830	51 665 101	39 685 729
1 359 597	42 031 877	(40 672 280)	Corporate Services	1 690 573	46 954 898	(45 264 324)
1 233 083	9 214 775	(7 981 692)	Planning & Development	1 689 719	11 690 620	(10 000 901)
1 180 254	4 945 727	(3 765 473)	Health	1 376 271	5 116 712	(3 740 441)
563 326	6 464 203	(5 900 877)	Community & Social Services	821 990	8 294 624	(7 472 634)
1 649 000	3 964 559	(2 315 559)	Housing	6 788 284	9 934 763	(3 146 479)
7 134 798	19 173 792	(12 038 994)	Public Safety	7 352 923	23 466 432	(16 113 509)
5 774 420	32 868 327	(27 093 907)	Sport & Recreation	17 584 965	35 405 234	(17 820 269)
-	-	-	Environmental Protection	-	-	-
16 980 080	22 776 583	(5 796 503)	Waste Management	23 257 439	27 715 582	(4 458 143)
23 314 887	27 794 148	(4 479 262)	Waste Water Management	25 353 216	30 610 186	(5 256 970)
756 607	37 963 664	(37 207 057)	Road Transport	232 189	41 527 160	(41 294 971)
37 130 167	44 892 006	(7 761 839)	Water	41 064 680	47 082 861	(6 018 181)
172 550 674	141 412 390	31 138 284	Electricity	195 904 575	166 211 454	29 693 121
1 089	1 619 808	(1 618 719)	Other	223	1 698 011	(1 697 787)
387 060 217	483 516 271	(96 456 054)	TOTAL	463 675 301	535 884 116	(72 208 815)

//KHARA HAIS MUNICIPALITY

APPENDIX E(1): ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2013

Description	2012/2013 Actual R	2012/2013 Budget R	2012/2013 Variance R	2012/2013 Variance %	Explanation of Significant Variances (Above or below 10%)
REVENUE					
Property rates	50 437 490	50 823 227	(385 738)	-1%	
Service charges	285 279 691	287 691 414	(2 411 723)	-1%	
Rental of facilities and equipment	6 273 458	6 519 303	(245 845)	-4%	
Interest earned - external investments	1 405 985	1 234 619	171 366	14%	Additional Trust Accounts
Interest earned - outstanding receivables	1 778 870	1 597 258	181 612	11%	Increase in debtors resulted in additional interest levied
Fines	1 584 260	1 938 450	(354 190)	-18%	Contract Service provider expired during the year
Actuarial Gain	819 298	-	819 298	100%	Restatement in AFS - amount budgeted for as part of contributions to provisions
Fair Value Adjustment	1 326 500	-	1 326 500	100%	Restatement of Asset Register - amount not budgeted for
Licences and permits	1 681 009	1 564 808	116 201	7%	
Income for agency service	3 197 612	3 280 000	(82 388)	-3%	
Income for housing agency service	563 498	1 451 575	(888 077)	-61%	Amount budgeted for as part of Government Grants and Subsidies
Employee housing	102 182	89 570	12 612	14%	Amount budgeted for as part of Other Income
Government grants and subsidies - Operating	64 139 164	66 638 048	(2 498 884)	-4%	
Government grants and subsidies - Capital	40 221 124	74 691 559	(34 470 435)	-46%	Capital Projects not completed
Other income	5 796 578	3 207 385	2 589 193	81%	Recognition of Unspent Grants with no movement for three years
	464 606 720	500 727 216	(36 120 496)	-7%	
Less: Revenue foregone	(2 051 025)	(2 054 329)	3 304	0%	
Total Revenue	462 555 695	498 672 887	(36 117 192)	-7%	
EXPENDITURE					
Employee related costs	180 514 748	180 971 898	457 150	0%	
Remuneration of councillors	6 803 942	6 714 336	(89 606)	-1%	
Contributions to provisions - Bad debts	6 401 289	540 000	(5 861 289)	-1085%	Significant increase in debtors resulted in increase in provision for bad debt
Contributions to provisions - Other	10 252 146	10 249 948	(2 198)	0%	
Actuarial Loss	242 489	-	(242 489)	-100%	Restatement in AFS - amount budgeted for as part of contributions to provisions
Collection cost	196 075	179 000	(17 075)	-10%	Significant increase in debtors
Depreciation and amortisation expense	85 266 847	115 411 531	30 144 684	26%	Restatement of Asset Register resulted in less depreciation costs
Impairment Loss	760 922	-	(760 922)	-100%	
Repairs and maintenance	12 739 043	12 443 803	(295 240)	-2%	Restatement of Asset Register
Finance costs	13 984 786	13 267 610	(717 176)	-5%	
Bulk purchases	123 766 349	120 611 267	(3 155 082)	-3%	
Contracted services	15 961 859	17 453 923	1 492 064	9%	
Grants and subsidies paid	639 375	639 700	325	0%	
Operating projects	983 122	876 140	(106 982)	-12%	Additional Funding received for operational projects
General expenses	77 371 125	70 701 368	(6 669 757)	-9%	
Total Expenditure	535 884 116	550 060 524	14 176 408	3%	
Gain / (loss) on sale of assets	1 119 606	1 430 000	(310 394)	-22%	
NET SURPLUS/(DEFICIT)	(72 208 815)	(49 957 637)	(22 251 178)	45%	

//KHARA HAIS MUNICIPALITY

APPENDIX E(2): ACTUAL VERSUS BUDGET (ACQUISITION OF PPE, IP AND INTANGIBLE ASSETS) FOR THE YEAR ENDED 30 JUNE 2012

	2012/2013 Actual R	2012/2013 Budget R	2012/2013 Variance R	2012/2013 Variance %	Explanation of Significant Variances
Executive & Council	1 261 442	3 829 014	(2 567 572)	-67.06%	Capital projects not completed
Budget & Treasury	49 306	197 093	(147 787)	-74.98%	Capital projects not completed
Corporate Services	10 094 407	15 453 779	(5 359 372)	-34.68%	Capital projects not completed
Planning & Development	94 419	614 252	(519 833)	-84.63%	Capital projects not completed
Community & Social Services	2 583 706	3 092 714	(509 009)	-16.46%	Capital projects not completed
Public Safety	132 276	246 922	(114 646)	-46.43%	Capital projects not completed
Sport & Recreation	11 872 885	12 123 668	(250 783)	-2.07%	Capital projects not completed
Waste Management	15 574	61 574	(46 000)	-74.71%	Capital projects not completed
Waste Water Management	568 022	6 711 871	(6 143 849)	-91.54%	Capital projects not completed
Road Transport	20 729 280	43 497 940	(22 768 659)	-52.34%	Capital projects not completed
Water	1 589 593	21 389 435	(19 799 841)	-92.57%	Capital projects not completed
Electricity	21 687 625	37 306 824	(15 619 199)	-41.87%	Capital projects not completed
GRAND TOTALS	70 678 535	144 525 086	(73 846 550)	-51.1%	

APPENDIX F - Unaudited
//KHARA HAIS MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2012	Correction of error	Restated balance 1 JULY 2012	Contributions during the year	Transferred	Withheld	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2013	Unspent 30 JUNE 2013 (Creditor)	Unpaid 30 JUNE 2013 (Debtor)
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	R			R	R	R	R	R	R	R	R
FMG	(604 338)	-	(604 338)	1 500 000	-	(340 000)	(1 485 285)	-	(929 623)	-	(929 623)
MSIG	(353 331)	-	(353 331)	800 000	-	(238 000)	(800 001)	-	(591 332)	-	(591 332)
Provincial grants	1 024 679	-	1 024 679	929 000	(271 000)	-	(399 449)	(61 320)	1 221 910	1 221 910	-
MIG	23 615 090	-	23 615 090	23 789 000	1 600 000	-	(912 000)	(15 853 147)	32 238 943	32 238 943	-
Other	2 310 616	(2 000)	2 308 616	329 145	(708 077)	-	(31 951)	(3 015 734)	(1 118 001)	-	(1 118 001)
Provincial LED Projects	101 593	-	101 593	-	-	-	-	-	101 593	101 593	-
EPWP	4 099 365	-	4 099 365	2 498 009	(1 556 465)	-	-	(1 326 454)	3 714 455	3 714 455	-
Health	141 033	(3 261 334)	(3 120 300)	1 104 000	-	-	(1 363 359)	-	(3 379 659)	-	(3 379 659)
INEP	200	(197 051)	(196 851)	8 260 000	-	-	-	(8 063 149)	-	-	-
Donations - Other	30 000	-	30 000	-	-	-	-	-	30 000	30 000	-
FIFA World Cup Legacy Programme	-	-	-	7 116 005	-	-	-	(7 116 005)	-	-	-
SANRAL	-	-	-	4 785 316	-	-	-	(4 785 316)	-	-	-
Total	30 364 908	(3 460 384)	26 904 524	51 110 475	(935 542)	(578 000)	(4 992 044)	(40 221 124)	31 288 288	37 306 903	(6 018 615)